DOMINION OF CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

SIXTH SESSION—TWENTY-FIRST PARLIAMENT

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DEBATES
HOUSE OF COMMONS

DOMINION OF CANADA

HOUSE OF COMMONS

Friday, May 16, 1952

The house met at three o'clock.

TRANS-CANADA HIGHWAY

ANNOUNCEMENT OF AGREEMENT WITH NOVA SCOTIA

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, hon. members may be interested to know that the federal government has completed an agreement with the government of the province of Nova Scotia for the construction, under the terms of the Trans-Canada Highway Act, of the route of the trans-Canada highway through Nova Scotia.

The agreement was signed on behalf of the province of Nova Scotia by Hon. Merrill D. Rawding, minister of highways and public works.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 226, for the relief of Laetitia Daigneault Martel.—Mr. Winkler.

Bill No. 227, for the relief of James Alexander Ford.—Mr. Winkler.

Bill No. 228, for the relief of Joseph Gerard Abondius Fauvel.—Mr. Winkler.

Bill No. 229, for the relief of Richard Patenaude.—Mr. Winkler.

Bill No. 230, for the relief of Francoise Bellehumeur Dixon.—Mr. Winkler.

Bill No. 231, for the relief of Cynthia Daphne Roberts Gagne.—Mr. Winkler.

Bill No. 232, for the relief of Dorothy May Tucker Patterson.—Mr. Winkler.

Bill No. 233, for the relief of Reginald Clare Darrah.—Mr. Winkler.

Bill No. 234, for the relief of Marjie Weston Frost Law.—Mr. Winkler.

Bill No. 235, for the relief of Carmen Verna Garcia Copping.—Mr. Winkler.

Bill No. 236, for the relief of Edna Ruth Dowsett Young.—Mr. Winkler.

Bill No. 237, for the relief of Eleanor Mary Courtney Flannery.—Mr. Winkler.

Bill No. 238, for the relief of Florence (Fannie Ruth) Sacks Roitman.—Mr. Winkler.

CANADA GRAIN ACT

PROVISION FOR REAPPOINTMENT OF COMMISSIONERS—SALARY INCREASES

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

That it is expedient to introduce a measure to amend the Canada Grain Act to provide for the reappointment of grain commissioners and for increases in their salaries; to provide also for the appointment and salaries of three assistant grain commissioners instead of four; and to provide further for certain technical amendments to the statutory grades of grain.

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

Motion agreed to.

NATIONAL LIBRARY

PROVISION FOR ESTABLISHMENT—APPOINTMENT OF NATIONAL LIBRARIAN

Right Hon. L. S. St. Laurent (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to provide for the establishment of a national library, and for the appointment and remuneration of a national librarian and an assistant national librarian; to provide also for the appointment, in accordance with the provisions of the Civil Service Act, of such officers, clerks and employees necessary for the proper control and management of the national library; to provide also for the establishment of an advisory council and for the payment of the travelling and living expenses of the members thereof; and to provide further for the establishment in the consolidated revenue fund of a special account to which shall be credited any money appropriated by parliament for the purpose of acquiring books and of a special account called the national library special operating account to which shall be credited all moneys received by way of donation, bequest or otherwise and that any amounts required for the purposes of the said measure may be paid out of the national library special operating account or out of any money appropriated by parliament for such purposes.

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

Motion agreed to.

ROYAL CANADIAN AIR FORCE

AIRMAN JAMES FARTHING—HOSPITALIZATION

On the orders of the day:

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, yesterday the hon.

member for Lake Centre (Mr. Diefenbaker) asked me a question about airman James Farthing.

Farthing was injured in a collision between two civilian motor vehicles and was admitted to Oshawa, Ontario, general hospital January 26 where he was treated for head injuries. On February 1 he was transferred to the R.C.A.F. hospital at Trenton. His condition steadily improved and on March 5 he proceeded to Vancouver on sick leave. His instructions were to report to the nearest R.C.A.F. medical officer or to D.V.A. hospital if he required treatment during his leave. During his sick leave he experienced trouble with his eyes and reported to the senior medical officer at Sea Island and also to Shaughnessy hospital. He was not refused admittance or treatment. It was recommended that he wait until he returned to Trenton at expiration of his sick leave for further treatment. He agreed to this course of action. On his return to Trenton he was re-examined and it was determined that a further period of convalescence and treatment was desirable. He was readmitted to Trenton hospital and was transferred to Sunnybrook on April 9. He was not seriously ill and is now up and about and in good condition.

Farthing himself made the following statement:

I was not refused admittance to Shaughnessy. It was recommended that I wait until I returned to Trenton. This recommendation was okay as far as I was concerned. I am in far from a serious condition and am very much satisfied with the treatment that has been given me by the R.C.A.F. and by D.V.A.

TRANS-CANADA HIGHWAY

INQUIRY AS TO COPY OF AGREEMENTS WITH PROVINCES—CONSTRUCTION IN NOVA SCOTIA

On the orders of the day:

Mr. P. C. Black (Cumberland): I should like to ask the Minister of Resources and Development if a copy of the agreement entered into with the provinces for the construction of the trans-Canada highway is available at this time to interested members. I should also like to ask if it will be necessary that the entire construction in Nova Scotia be completed at the expiration of the seven-year term dating from the act coming into force, of which about three years have transpired. That would mean that the entire work in Nova Scotia would have to be completed within the next three or four years under that agreement.

[Mr. Claxton.]

Hon. Robert H. Winters (Minister of Resources and Development): I shall be glad to table a copy of the agreement next week. With regard to the second point raised by the hon. member, Nova Scotia signed the same agreement as the other provinces.

Mr. Black (Cumberland): On what date does that expire?

Mr. Winters: Seven years from the date on which the act received the royal assent. Speaking from memory, I think that was December 10, 1949.

Mr. Knowles: Are there any provinces which have not signed agreements?

Mr. Winters: There is one province which has not signed.

Mr. Knowles: Which one?

Mr. Winters: Quebec.

HARBOUR COMMISSIONS

NEW WESTMINSTER—EXTENSION OF BOUNDARIES AND PROVISION FOR LOAN

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee to consider Bill No. 193, respecting the New Westminster harbour commissioners.

Motion agreed to, bill considered in committee, reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CONSTRUCTION OF LINE FROM TERRACE TO KITIMAT, B. C.

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee to consider Bill No. 192, respecting the construction of a line of railway by Canadian National Railway Company from Terrace to Kitimat, in the province of British Columbia.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

On section 1—*Construction and completion.*

Mr. Herridge: Mr. Chairman, before this section carries I want to say as a member of the committee on railways, canals and telegraph lines that we had a most interesting and informative morning when this bill was being considered. I think it is only right to say that members of the committee were impressed with the study that Mr. Fairweather of Canadian National Railways had given to this problem and with the very complete answers that he gave to every question asked with regard to mineral development, mining, agricultural development and the lumbering potential.

Also I think it is only fair to say that the representative of the Aluminum Company of Canada—I have forgotten his name—who was present fully detailed to the committee the scope of his company's operations and the effect that they would have on the other operations of the company in Canada. He answered to the satisfaction of all members of the committee any question that was asked. I am sure that all British Columbia members are pleased indeed to see this huge development of our natural resources and I am sure they are also pleased with the competent and careful way in which the officials of the Canadian National have considered this question before recommending the bill to the government and for the consideration of the house and committee.

Section agreed to.

Sections 2 to 9 inclusive agreed to.

Schedule agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF TRANSPORT

463. Departmental administration, $1,370,576.

The Chairman: These estimates are to be found in the blue book at page 62. Perhaps I might say at the outset that it is the normal practice to have a general discussion on the first item. I would ask hon. members to make the general discussion as thorough as possible so that they may satisfy themselves and in order that later we may have an orderly discussion strictly relevant to the item under consideration.

Hon. Lionel Chevrier (Minister of Transport): Mr. Chairman, it has not been my practice in the past to make a general review prior to the discussion of my estimates but this year, in view of some of the changes that have been made in the preparation of these estimates, I thought I might make a brief statement to the house dealing with some of the major projects that have to do with items that are now under consideration by the house. The 1952-53 estimates for the Department of Transport cover some 70 items and amount in all to the sum of $105,800,638. The transport department proper accounts for about $96·6 million of these and the various boards and commissions that come under the department account for the remainder.

What I propose doing now is to touch on a few of the categories referred to which can be found in the summary of standard objects of expenditure and special categories at the back of the estimate book. May I take two or three of those and deal with them briefly. Category 1 deals with civil salaries and wages, and the amount in the estimates this year is $30,136,043 compared with $27,323,373 in the last fiscal year, an increase of $2,812,670. I think the house is entitled to some explanation for that increase.

The amount for 1952-53 covers salaries, wages and overtime payments for 11,541 positions which are detailed throughout the estimates. There is a net increase of thirty-seven positions over last year. This is considered remarkably low considering the nature of our operations. The net increase in positions to which I have just referred is the result of many internal changes in classifications. However, I might mention that seven new positions were provided for our new work boat in Newfoundland, and that eight additional positions were provided for the stand-by weather ship, *St. Stephen*, on the Pacific coast. These changes can be found if members want to refer to them in vote 470 dealing with marine steamers.

Then there are 38 new radio operators and assistant technicians needed as a result of the assumption by the department of three stations in the north Atlantic international aeronautical service at Goose, Montreal and Moncton. These services were formerly operated by Trans-Canada Air Lines and the details appear in vote 496, telecommunication division.

A significant decrease in positions has been achieved in aids to navigation due to 108 lightkeepers' positions of various classes being dropped because of the electrification of lights or when the attendance of minor lights has been provided for under local arrangement.

Then there is category 8 which deals with telephones, telegrams and other communication services. The amount provided under this category for the present fiscal year is $2,665,850 compared with $2,321,771 for 1951-52, an increase of $344,079. A portion of this increase is the result of the 18 per cent increase in rates authorized for telegraph services by the board of transport commissioners, effective November 1 last. In addition, other increases for telephone services have been approved by the board between 1950 and 1952, ranging between 17·8 per cent and 20·7 per cent according to locations.

In vote 500, Marconi operated radio stations, as the result of benefits granted company employees by a conciliation board in 1951 an additional $80,000 is required for

salaries, etc. In vote 513 under the heading "communication networks leased for airway traffic control" there is the sum of $72,960 additional to meet requirements of the Department of National Defence, which accounts in part for the increase.

There are other increases such as $39,168 related to an increase of some 30 per cent in the volume of air traffic during 1951 requiring extension of communication facilities for proper safeguards to air traffic. Then I should like to deal with two other items in the estimates of the department. Perhaps I might take a few minutes to discuss them. In the estimate for category 16, "equipment—construction or acquisition", an amount of $9,906,394 is required compared with $6,786,060 in the last fiscal year, an increase of $3,120,334. I think the committee is entitled to some explanation of these increases. They are due to new equipment ranging anywhere from tugboats to the icebreaker for the Department of Transport and the new ferry to operate between North Sydney and Port aux Basques in Newfoundland.

May I go over these rapidly. In the canal service we re(re two tugs, one for the Ontario-St. Lav ence canals and one for the Welland canal at about the same cost of some $200,000 each. In marine services the icebreaker now under construction at the Davie Shipbuilding and Repairing Company Limited is to cost $7 million. Up to March 31, 1952, we had provided in the estimates for this purpose $2,900,000 and this year we have included $3,770,000 for this vessel. Then we require a new lighthouse supply and buoy tender vessel to operate out of the port of Saint John, New Brunswick, as a replacement for the present ship, the C. G. S. *Franklin*. The size of the new vessel will be 210 feet by 38 feet by 17·6 feet. To build a new, modern ship to replace the *Franklin* will cost in the vicinity of $2,200,000, for which the sum of $300,000 is included in these estimates. We also need for Saint John, New Brunswick, a smaller vessel to operate out of that port.

The Department of Transport has now assumed responsibility for the maintenance of lightering equipment taken over from the United States air force at Coral Harbour and Frobisher Bay by the R.C.A.F. Then we must make substantial repairs to the C. G. S. *Lady Laurier*, and we anticipate that because of the present condition of this ship repairs will be required to the extent of some $150,000.

It will be noted that no appropriation is made in the estimates of the Department of Transport this year toward the construction of a vessel to operate between Yarmouth and Bar Harbor, Maine. I had hoped it would be possible to proceed with this vessel this year, but after careful consideration it was decided that in view of the still tight steel situation construction of the ship should be delayed for the time being. I assure the committee, however, that as soon as the supply of steel is sufficiently improved the government proposes to construct this ship. All the plans and specifications have been prepared and the department will be in a position to proceed on short notice. This year my colleague the Minister of Public Works will purchase the necessary land at Yarmouth to build whatever works are necessary at the terminal of the ferry there. I believe some survey work has been undertaken already, and it is hoped progress will be made during the present fiscal year.

The last item in the vessel construction program is the provision of $4,015,000 for the auto ferry vessel for service between North Sydney and Port aux Basques. The estimated cost of this ship is $6 million. It is being built by Canadian Vickers in Montreal, and delivery is expected late in 1953. So far only $50,000 has been spent on this ship, but it is anticipated that during the present fiscal year it will be possible to proceed much more expeditiously.

Then may I deal with the last category, No. 13, which is next largest in amount to that dealing with the civil service classification. This has to do with the construction or acquisition of buildings and works, including land. The provision in the estimates under this heading for 1952-53 is $24,167,306 as compared to $20,799,018 during the last fiscal year, an increase of $3,368,288. This is represented by the construction of the Atwater tunnel under the Lachine canal in Montreal, for which we have provided $2,893,000. The estimated cost of this project is about $7 million, one-third of which is to be paid by the city of Montreal. There is also the St. Remi tunnel, construction of which was begun two years ago and for the completion of which there is a small amount in the estimates. I might mention that in the Welland canal we are at last going to build a still-water berth at Port Weller for the protection of our gate-lifter, which is a very expensive piece of equipment that could not be replaced today for less than $2 million.

There are a substantial number of other, smaller items with which I need not deal at the moment, but I would like to say a word in connection with the dredging of the St. Lawrence ship channel. In the estimates this year we have provided $2,821,326, an increase of approximately $800,000 over last year. The committee will remember that in the estimates last year a substantial amount was provided for the cleaning up of the contract entered into with Marine Industries Limited

of Sorel. In June of 1950 a committee of five engineers was appointed by the Department of Transport to make recommendations as to the program of work to be followed both in the immediate future and over an extended period in regard to the deepening, widening and straightening of the St. Lawrence ship channel, having in mind the ultimate completion of the St. Lawrence deep waterway and the future development of the harbour of Montreal. By the late summer of 1951 the committee reported, advising that the channel is well designed except at certain places where experience has shown that cross currents, sharp bends and lack of adequate anchorage areas present some difficulties to navigation. Certain improvements were recommended to be undertaken as soon as possible. Because of this it was decided to prepare plans and specifications for the work, which the committee estimated would cost $12,540,000. Tenders were called early in March of this year and two firms submitted bids, Canadian Dredge and Dock Company at $13,943,000 and Marine Industries Limited at $13,021,000. The contract was awarded to the latter firm, and I announced this to the press sometime ago. It is a contract for a period of five years, for the work indicated above.

Then I should like to say a word about the strait of Canso project, concerning which I made an announcement in the house yesterday. For the causeway across the strait of Canso we are providing in this year's estimates $1,800,000, an increase of $800,000 over the amount voted last year. The situation with respect to this major undertaking may be summarized as follows. The causeway and lock project recommended by the reconvened board of engineers in their report of June, 1951, at an estimated cost of $22,760,000, is being undertaken by the government. The services of O. J. McCulloch and Company, consulting engineers of Montreal, were retained in October, 1951, to design and supervise construction of the project for a lump sum fee of $525,000, covering a construction period terminating in December, 1955. The project is to be awarded in four main contracts:

(a) Rock fill causeway and mainland approaches to subgrade level; total amount of rock fill estimated at 5 million cubic yards; work advertised for tender April 3 and tenders called for May 13, with completion date set for December 31, 1954. I announced yesterday that this contract has been awarded to a Vancouver firm, Northern Construction Company and J. W. Stewart Limited, at $5,800,000 odd.

(b) Lock, entrance piers and excavation for the lock and entrance channels; expect tenders to be called late in 1952 for work to commence in the early spring of 1953.

(c) About 13 miles of railway diversion on the mainland from the causeway to Linwood Junction and about three miles of rehabilitation of the existing Inverness line, to be called for tender by the Canadian National Railways in the spring of 1953.

(d) Railway and highway swing bridge over the lock, and steel gates for the lock, for which tenders are expected to be called in 1953.

Then, there is a substantial item in the estimates of $1,180,000 to continue the enlargement of dock and terminal facilities at North Sydney. This is a decrease of $480,000 as compared to last year's estimates. As the house knows, that contract has been awarded to T. C. Gorman, of Nova Scotia, with the work being done under the supervision of the Department of Public Works. The new dock and terminal facilities at Port aux Basques are estimated to cost $3,700,000, and the work is still under way.

There are substantial expenditures under this category for telecommunication services, and there are as well increases over last year's vote in our telephone and telegraph services. The items are distributed in the various provinces of Canada. While I am on that I think I should communicate to the house that the expansion in the interior part of British Columbia has reached such a stage that the government is of the opinion that a commercial company should now provide telephone and telegraph facilities in that area. We do not feel the federal government should be the agency to serve the public in well developed and industrial areas. Arrangements will be made to dispose of our facilities in British Columbia to any commercial company which may be interested in continuing the operation as it presently exists, and at a standard of service no lower than is provided at the present time.

There is, too, a substantial program for the development of airways and airports, and it amounts to the sum of $7,267,000, or an increase of $427,000 over last year. Roughly speaking the projects cover runways at Gander, $200,000; Regina, $950,000; Grande Prairie, $150,000; Prince George, $930,000; Vancouver, $1,600,000 and terminal buildings at Moncton, $200,000; Ottawa, $50,000; lakehead, $100,000; Saskatoon, $100,000 and Winnipeg, $75,000. There are a number of categories with which I could deal if need be, but I believe I have given the house

sufficient information to justify the increase in these very important items.

Mr. Green: Mr. Chairman, I thank the minister for giving the committee the statement which he has just read. It should be very helpful in the discussion of the different estimates of his department. I noticed that in each category of expenditure the motto seems to be "higher still and higher". No doubt many of these increases are necessary, but I would point out to the minister that we shall expect greater things from his department during this fiscal year than we did in the past year because of the extra money being allotted to him.

Mr. Chevrier: We have been doing fairly well in the department.

Mr. Green: If the minister is to get all these extra millions, then I believe we are entitled to expect better results from him and his department.

The item now under discussion is the general item, and today I propose to bring up two or three matters and other members of the official opposition will be doing the same thing. We would ask the minister to deal with these different questions when he speaks again on this item, rather than delaying his answers until some particular item is before the house. I ask that because last year, for example, we had the experience of raising the question of Canada's shipping policy on the first item; the minister said that would be dealt with when we came to the vote for the Canadian maritime commission. Unfortunately, by the time we got down to that vote the session was practically over, and there was no opportunity for a careful discussion of the policy. I think it would be much wiser if we could have these main questions of policy cleared up in the discussion on the administration item.

Mr. Chevrier: I do not want to interrupt the hon. member, and I have no objection to dealing with it in that way. I want an understanding from the hon. member, however, that when we come to the particular item we will not then have a second discussion on it. It is as broad as it is long, and I could deal with it at the outset if that is the wish of the committee, but I do not think I should be asked to deal with the matter again when we come to the item for the maritime commission or whatever it may be.

Mr. Green: I think the minister will find we shall be only too glad to co-operate with him when these items do come up. We have no intention of having a repetition of the arguments, and we are just as anxious to get the session ended in a businesslike way as the minister and the other members of the government.

First of all I ask the minister to make a statement of the policy of the government at the present time with regard to the Canadian merchant navy. I refer, of course, to ocean-going ships. I notice that in the estimates of the department there is a new item, No. 492, which reads as follows:

> Degaussing and strengthening of sea-going merchant ships of Canadian registry of 1,000 gross tons and over, $500,000.

In the explanations which were given to the press by the Department of Transport concerning the item, we find that this is supposed to commence equipping Canadian merchant vessels for service during a war; that the idea of the degaussing is as a protection against submarines, and the strengthening of the ships is so that they may be able to mount guns. In the press dispatches given at the time the estimates were brought down, we also find a statement that 79 ships in Canada's deep-sea trade will be equipped, along with 72 over 1,000 tons in the coastal business. The dispatch goes on to say that another group of Canadian-owned ships under British registry is expected to be handled the same way by British authorities and that there are about 80 vessels in the British registered group.

I do not know whether or not that figure of 79 ocean-going Canadian ships is correct today. That is one piece of information we should like to get from the minister. I would point out to the committee that at the end of the war Canada had 258 ocean-going vessels. I believe that there are now some 93 of these Canadian-built vessels which have been transferred to United Kingdom registry. Many others were sold. Apparently we are now in a position where our merchant navy has been reduced to 79 ships, or approximately that number. Furthermore, I understand that these ships are all old, slow cargo vessels. They were built during the war and none of them are fast, modern freighters, although the merchant navies of the other maritime nations, in these intervening years, have been receiving fast freighters. That is a situation which calls for serious consideration by the Canadian government and the Canadian people.

I need only point out to the minister that the subject was dealt with by the Canadian maritime commission in more than one of their reports. I have here the second report covering the period from April 1, 1948, to March 31, 1949, and at page 21 of that report

we find the following statement with regard to the type of ships which Canada must have in her merchant navy. I am beginning to read at the foot of page 20 of the report which points out:

> For the second time in twenty-seven years a Canadian government was faced with the problem of what to do with a large number of merchant ships acquired through the exigencies of war. The ships were of standard types designed to meet a wartime emergency.

And this is the part I wish to emphasize.

> Their high fuel consumption, slow speed, and lack of refrigerated space unfitted them to hold their own against fast, modern, more economical cargo-liners which shortly after the war began to appear in British and foreign merchant fleets. It was obvious that, once the world-wide shortage of shipping had been overcome, the ships would not be able to compete with more efficient foreign vessels. Undoubtedly, the proper course was to replace the ships, and to that end, on the advice of the commission, the government evolved a replacement plan which is outlined later in this report.

I would point out that that replacement plan seems to have failed completely to bring about the construction and the acquisition of fast vessels. Then further down on the same page we find the commission pointing out the decline in shipping after the first world war. They say that was not necessarily due to the adoption of a policy of government ownership and operation but that a more important factor was the failure to replace obsolescent ships. That was after the first war. They were dealing with the failure after the first war. I believe we are making the same failure again after the second war.

The history of the Canadian merchant navy is one of building up and then allowing the ships to disappear or to fade away. We had, nearly 100 years ago, the great wooden shipbuilding industry in the maritimes. At that time the men from the maritimes were the outstanding seamen in the world. Their ships were built at home. They sailed the seven seas and made for Canada, in the era of wooden ships, a reputation that has never been beaten. Then, as hon. members know, steel ships came into use and the wooden shipbuilding industry of the maritimes faded away.

In the first war we built many steel cargo vessels; but after that war our merchant marine again faded away. I hope I am wrong, but it seems to be doing the same thing now. A year or two after the end of this recent war the world shipping situation became extremely difficult. Business was not very lucrative and there were more ships than were required. In order to help, the government adopted different policies. There was this replacement plan, to which I referred a few minutes ago, under which owners of Canadian vessels were allowed to sell their ships to foreign countries, provided that the proceeds were put in a replacement fund held in trust by the government, and from which it was planned that funds would come for the construction of new vessels.

Then we had a plan of subsidizing. Provision was made, for a period of one year, for the subsidizing of, I think, 40 Canadian vessels so that they could continue in business. Furthermore, a plan was devised under which a total of 123 Canadian vessels could be transferred to British registry so that they could operate in the sterling area. At the present time apparently there are 80 or 90 —I think the figure is somewhere about 90— of such Canadian-owned ships, operating under British registry doing business in the sterling area and manned by British crews.

With the outbreak of war in Korea that shipping picture changed and the shipping business became lucrative again. I believe that the shipping companies are now doing fairly well. The Canadian merchant navy, however, seems to be fading away. Certainly there is little evidence of any fast, modern cargo vessels being acquired.

Mr. Chairman, this tense world situation is not one which will be over in a month or a year. I do not think there are many members of the present House of Commons who will live to see the end of the present period of tension unless something happens in Russia in the meantime. We are in a situation which will probably last for a good many years. The only thing that would change it would be a third world war; and nobody in his or her senses wants that. But here we are in this present world situation. Canada occupies an important position in world affairs, partially because she is on the North American continent, and shipping is extremely important. The products of this continent will have to be carried in someone's ships if trouble develops. Without adequate shipping the North Atlantic Treaty Organization nations could easily get into serious difficulties. Here we are with a Canadian merchant navy made up of old ships, just sitting ducks for the fast modern submarines of which Russia has a far larger number than the Germans ever had. Our Canadian navy will be used to protect freighters, and the whole picture is such that we must modernize our merchant fleet. I believe this is the time to do it. Certainly this is the time to be making a start; and I hope the minister will be able to tell us that his department has some plans to bring about such modernization.

Another factor to be considered is the St. Lawrence waterway. We have set up a

St. Lawrence seaway authority. The house is committed almost unanimously to the construction of that waterway. It is hoped that ocean-going cargo vessels will be sailing to Fort William and Port Arthur. I sometimes think that the keenest advocates of the St. Lawrence seaway expect to see the *Queen Mary* dock in Toronto harbour some fine summer morning. In any event it is hoped that there will be many ocean-going vessels using that waterway. This is one development which should change our attitude toward the Canadian merchant navy.

We now have iron, and we should be able to make the steel to build these vessels. We have the oil with which to fuel them. We have the coal. We have uranium, and those other facilities required for the development of atomic energy. Hon. members will have noticed that within the last week or ten days it has been announced in the press that the United States has laid down the keel of the first submarine to be powered by atomic energy. Those are facts which Canadians should bear in mind when considering a Canadian merchant navy policy.

Five years ago, in the session of 1947, we passed an act setting up the Canadian maritime commission. At that time we had high hopes that the commission would be able to give a lead toward the modernization of the Canadian merchant navy. We find that in that act section 6 reads as follows:

> The commission shall consider and recommend to the minister from time to time such policies and measures as it considers necessary for the operation, maintenance, manning and development of a merchant marine and shipbuilding and ship repairing industry commensurate with Canadian maritime needs.

There was a provision for the setting up of advisory committees to help the commission work out a policy for Canada. The act also gave very wide powers to the chairman of the commission. In effect, he was given the status of a deputy minister, and I believe was to be responsible directly to the Minister of Transport. That was a very fine start, and the commission was duly established. A chairman was appointed from the city of Vancouver, our most distinguished marine lawyer in the person of Mr. J. V. Clyne, now Mr. Justice Clyne of the Supreme Court of British Columbia, where he is doing an excellent job, just as he did as chairman of the commission.

Mr. Clyne resigned on July 7, 1950, almost two years ago, after having done a splendid job as chairman. One need only read the earlier reports of the commission to realize what an excellent job was done. The whole history of the Canadian merchant navy is therein set out, and recommendations are made. I think each of the plans to which I have referred was recommended by Mr. Clyne and other members of his commission.

What has happened since then? Mr. Clyne resigned on July 7, 1950, and the deputy minister of transport, Mr. J. C. Lessard, assumed the chairmanship of the commission on December 13, 1950, five months later. I have no criticism to make of Mr. Lessard. I think he is an excellent deputy minister, doing a first class job in a department which presents just as many difficulties as any other department of government. He continues to be chairman of the commission to the present time. This can only mean that it is impossible to have the same consideration given to this policy as was given during the regime of Mr. Clyne. Mr. Lessard is frightfully busy in the discharge of his departmental activities. Certainly he is not in a position to work out a shipping policy for Canada under the present difficult conditions; and it will never be possible for the Canadian maritime commission to function as it was supposed to function until we have a full-time chairman. I should hope that the department would wake up and appoint a chairman, the best man they can find in the shipping industry, and that the appointment would be made without any further delay. I do not believe that under the present set-up the commission is being given a proper chance. Mr. Lessard and his fellow commissioners are not being given the opportunity to do a first class job. Something should be done to remedy this situation.

The annual reports of the commission are getting smaller and smaller. It appears that the commission is becoming just another branch of government; and in the last report which covers that period to the end of March 1951 there is no mention whatever of the need for a modernized merchant navy, or of any method of meeting that need. So much for the merchant navy policy.

There is another subject about which I should like to hear the minister speak, and that has to do with the national harbours board. Here we have a board set up in 1936, I believe it was, to take charge of the great national harbours of our country. That is a very important job. Yet we find a similar situation existing in the national harbours board. The annual report for the calendar year 1951 states that the vice-chairman of the board, Mr. J. E. St. Laurent, C.M.G., M.E.I.C., retired on July 1, 1951. Apparently he has not yet been replaced. Here we have a board which is not being carried on in the manner intended by the original act. For nearly a year now the

board has been functioning with two members instead of the full membership of three.

We are becoming worried in Vancouver, which is one of these national harbours. We have a wonderful natural harbour there; we believe the finest on the west coast of Canada or of the United States. We have been surprised to learn in recent weeks that the entrance to that harbour needs dredging an additional five feet or otherwise the newest oil tankers and cargo vessels will be able to enter the harbour only at high tide. Already some of these vessels have had to wait outside the harbour until the tide was right to permit them to come in.

These ships are being built larger all the time. For example, they have 25,000-ton cargo vessels and I believe they are building 40,000-ton oil tankers. The Trans Mountain Oil Pipe Line Company are now in the process of constructing a pipe line from Edmonton to the west coast and they have stated that it may not be possible to erect dockage to serve oil tankers in Vancouver harbour unless the first and second narrows are dredged.

The result has been that various public bodies, including the city council, have united to urge that this additional dredging be done without further delay. We understand that a dredging program was developed by the Department of Public Works or the Department of Transport before the second war. We urge that that plan be taken out of the filing cabinets; that dredges be put to work and that these narrows be deepened by a further five feet as well as widening the harbour entrance.

The whole economy of Vancouver is based on the harbour, which is also the outlet for most of the province. British Columbia has been expanding at a tremendous rate. You will have noticed that a bill received third reading today authorizing the building of a branch line from Terrace to Kitimat on the Canadian National Railways line to Prince Rupert. That Alcan project is only one of many huge developments that are under way in the province and to most of these Vancouver harbour is essential.

Thousands and thousands of dollars' worth of supplies go through the harbour each day destined for Kitimat. We believe that with the installation of the oil pipe line and the construction of refineries there will be a greatly expanded trade in and out of the harbour. I suggest to the minister that he confer with his colleague, the Minister of Public Works, to see if some arrangement cannot be made to get this needed dredging done at once.

This brings up another point. Before the national harbours board was set up the different ports were operated by local harbour commissions, just as the port of New Westminster is now operated. With the setting up of the national harbours board the local people lost control. I have always contended that there should at least be advisory councils in the interested cities. As far back as 1931 and 1932 a survey was made by Sir Alexander Gibb, the British port authority, of all our national ports including Vancouver. He recommended strongly that while there should be a national harbours board in charge of all these ports, there should also be local advisory councils. I should like to quote from page 31 of his report where we find the following recommendation:

> It is essential to avoid emasculating the local administration, since no centralized control can replace an efficient and active local administration, or the special knowledge and initiative of the local business community, both of which are vital to a port's prosperity.
>
> For this latter reason I strongly advocate a local advisory council. There are very many aspects of port working which such a council can properly care for, such as the representation of the interests of private wharf owners, of local merchants and distributors, of local consignees and exporters, of the labour view and of the attitude of boards of trade, chambers of commerce, corn exchanges and other such trade organizations, in addition to shipping.
>
> It serves very usefully to identify the community with the port; and to secure the support and interest of local members of parliament, the city council, or provincial government in schemes, and so anticipate and meet criticisms from any such quarters, or action that might be prejudicial to the port.
>
> It is invaluable in exploring the possibilities of local markets, in carrying out advertisement and propaganda and in co-operation with interests likely to promote industrial developments. Finally, a local council provides a useful check on the tendency of more or less permanent officials to become stereotyped or arbitrary.

I do not believe the present difficulty would have arisen in Vancouver harbour if there had been a local advisory council operating which would have been in position to realize that this problem of accommodating new and larger freighters was developing.

This brings me to my final point, the attitude of the Department of Transport to some of the airports in the country. Outside Vancouver one of Canada's great international airports is located on Sea island just a few minutes drive from the southern boundary of the city. From that airport planes take off every day to fly in every direction including to the Orient. I note that Canadian Pacific Air Lines is now proposing to ask permission to institute a service from Vancouver to South American ports. Sea Island airport is in the same category in the west as Dorval is in the east. It was founded by the city of Vancouver and for some years now there has been a lot of

haggling and horse-trading going on between the Department of Transport and the city about the dominion taking over the airport. I believe the Minister of Transport has offered $420,000. That is the highest figure I have seen published. On the other hand the city has asked for $2,175,000, although I think it has been intimated that it would sell for considerably less than that figure.

The city has a great deal of money in the airport. It has bonds outstanding which were issued to help finance the airport amounting, I believe, to at least $300,000. I do not understand why there should be all this delay in getting the question settled. The suggestion has been made that the process of expropriation should be used and that the exchequer court should decide what is a fair figure. Whether or not that is the right way to settle the difficulty I do not know, but certainly it is hard to imagine such a situation being allowed to continue so far as either Dorval or Malton airport is concerned. It may be because we are so far away from Ottawa that the people here just shrug their shoulders and do not worry very much about getting a question like this settled, but here is something which is the responsibility of the Department of Transport and it should be settled without further delay.

Another difficulty with respect to the airport is that all the traffic to and from must pass over a rickety old wooden bridge known as the Marpole bridge. The federal government, the provincial government and the city council are snarling at each other and suggesting that the other fellow should make a start on getting the bridge replaced. This has been going on for two or three years and nothing has happened. People going to the airport are delayed and sometimes miss their planes. Little tugs by the dozen are going up the waterway every day and the bridge has to be opened to let them through. Hon. members will recall that when we raised this question last year the hon. member for Vancouver East (Mr. MacInnis) said that he had driven a milk cart over the same bridge when he was a very young man. That makes us realize the great need for some improvement.

Incidentally, I should like to pause for a moment to say how delighted I am, and I am sure I speak for all members of the house, to see the hon. member for Vancouver East about the building again. He has had a long and trying illness. I met him in the building this morning. While he has not been in the house he is able to come to the building. His fellow citizens of Vancouver are particularly pleased because there has never been a member from that city who has been more highly respected than the present member for Vancouver East. He is the senior member from British Columbia. He has been here since 1930, has always been sincere and conscientious and has had the admiration of all his fellow members whether or not they agree with all his views. Personally I am very glad that he is able to get around again.

The question of the Marpole bridge is another problem that should be solved, and I do not think anybody except the dominion government can take the lead. I hope the minister will initiate steps that will lead to a solution of the problem. Because of the shipping involved and because of the airport, the problem is of more concern to his department than any other.

I will not trespass on the time of the committee further. I hope the minister will deal with these matters before this vote is passed. May I suggest to him in all kindness that, with Canada moving ahead as it is in these days, he might very well consider getting his department out of the rut and making it a vital force in the development of the nation.

Mr. Knowles: Mr. Chairman, first of all I am sure that the hon. member for Vancouver East (Mr. MacInnis) will be most grateful for the very kind words with reference to him which were expressed a few moments ago by the hon. member for Vancouver-Quadra. We who are perhaps a little closer to the hon. member for Vancouver East because we are his colleagues know how thoroughly true are the things that the hon. member for Vancouver-Quadra said about our distinguished colleague. We all appreciate deeply what has been said. Like other hon. members who showed their appreciation when the hon. member for Vancouver-Quadra spoke so kindly and so highly of our deputy leader, we are indeed pleased that he is making such good progress toward health. We hope that in addition to his being able to be about the building it will not be long until we will have him with us again in this chamber.

Mr. Chairman, the Minister of Transport is to be commended for the way in which he opened the discussion of his estimates today. He made a general statement with particular reference to the changes that have been made respecting his estimates and with reference to a number of innovations. It is a statement which will be helpful to us as we proceed. I hope he will not mind if during the course of discussing his estimates he finds us asking questions about some of the matters he dealt with in his general

statement. It would be helpful to have some of this information put upon the record in closer relationship to the items that we will be discussing as we go along.

Like many others, this is a department which asks for a considerable sum of money to be voted by parliament, and it is our duty before voting a sum of money approaching $100 million to examine its estimates in detail. It is our task as we go along to scrutinize each estimate and to make sure, so far as we can be sure from the information we can obtain, whether or not the increases asked for are justified.

Nevertheless, Mr. Chairman, as the minister was making his statement, and indeed during the remarks of the hon. member for Vancouver-Quadra, I could not help feeling that this department is a very good example of what government spending really is. Here we have not just a case of spending money for the sake of spending it, but rather a case of providing on a community or co-operative basis many important aids which individual persons or firms or companies could not provide for themselves. A very large portion of the money we are being asked to vote to be expended by the Department of Transport is for aids to travel by land, by sea and by air. There is also a fair amount of money for telecommunication services of one kind and another and another sum of money for meteorological services which are of benefit to the whole country in many ways.

There are those both in this house and outside it who at times like to prate about the glories and virtues of private enterprise, which is supposed to be able to stand on its own feet. But here we have a very good example of things which even that vaunted private enterprise which we have in this country cannot do for itself. There are things of the kind dealt with in these estimates which can be provided only by community or co-operative effort, and that is what we are doing in voting the money that pays for these various aids.

As one goes through the estimates of this department he cannot help recognizing what a valuable service is being performed, and I believe we all take a particular pride and interest in the work of the Department of Transport. It was interesting today to hear the number of new steps being taken, of the progress in connection with the ferry service from Yarmouth across to the New England coast, of the progress in connection with the construction of the causeway across the strait of Canso, of the progress of the St. Lawrence project, and the progress in connection with tunnels and bridges in various parts of the country. This is a story of helping to develop our country, a story of the people doing it themselves through the instrument of government. But, as I say, Mr. Chairman, despite any satisfaction we may have over what this really means, as I have tried to spell it out just now, it is nevertheless our duty to examine these estimates closely as we go along to make sure no money is being asked which is not fully justified.

In view of the way we are handling these estimates it is necessary that any of us who have particular matters we want to draw to the attention of the minister do so at this time. There is one subject I have taken up with him repeatedly—and he would be the first to accept that word and underline it—which has not yet been solved. That is the problem of retired employees of the Canadian National Railways whose pension consists only of the basic $25 a month. I believe I know the story fairly well. I know the origin of that basic pension and of the whole pension set-up of the Canadian National which provided for different kinds of plans. I know the story of what has happened in recent years, how the matter has been discussed on the floor of this house, in the committee on railways and shipping, owned, operated and controlled by the government, and so on. I know there have been discussions between the company and the men themselves at various levels, and that the whole question was discussed in particular by the pensions committee of the Canadian National Railways. I know, too, that a new set of rules has been promulgated recently which provide some potential improvement for those still in the service. They also provide improvements for some of those already retired, namely those on pensions that were at least in part contributory, in other words the men who have pensions of something more than $25 a month. But nothing has yet been done for those already retired whose pension is only that basic amount of $25. The number of retired employees of the Canadian National Railways in that category is something over 3,000.

For the last two or three years one of the answers given when we have brought forward the plight of these men has been the suggestion that something would be done for them if and when the means test were removed from the old age pension. That has been done, of course, and any of these men 70 years of age and over qualify for that pension regardless of what other means they may have. I submit, however, that this has not discharged the obligation of the final employers of these men to those who are on these small pensions. I used the phrase "final

employers" advisedly. Despite the contention that in a sense the Canadian National Railways is a separate entity which handles its own affairs, in the last analysis the entire system is owned by the people of Canada. That means the government, indeed this parliament, must be regarded as the final employer of these people, and I feel we must yet find some way to supplement and increase the amount of that basic pension.

Although I am not a member of the committee on railways and shipping owned, operated and controlled by the government, I have followed the proceedings of that committee with interest and attention. The matter has been raised there, but about all that has come out of the discussion in that committee is the fact that the president of the Canadian National Railways, Mr. Donald Gordon, sees no possibility of the Canadian National itself dealing with this problem. It seems to me that makes it clear that if we are going to get action on this anywhere it will have to be at the level of the government itself; and the only way we can get action from the government, it seems, is for us to exercise our right in parliament to draw this matter to the attention of the government until something is done.

I remind the minister, as I have done on previous occasions, that there is a precedent for this in one of the items we will be called upon to vote a little later. I refer to the item that relates to the railway employees provident fund. That is a case in which a statute stipulates that the pension is to be the sum of $20 per month. The statute still says that pensions shall be $20 a month, but for many years now—in fact it must run to something like thirty years—there has been an item in the estimates every year to supplement that $20 up to a figure of $30 a month. This supplementary benefit was first provided in the form of an estimate shortly after the close of world war I, when it would seem to be obvious that the people of that day realized that with rising costs it was not fair to ask these people to continue on pensions of only $20 a month. I do not wish to be interpreted as being satisfied with that figure of $30 a month. No one would suspect that. I am merely quoting it as a precedent, showing that the government of Canada can step in and by means of a special estimate rectify a wrong of this kind.

I feel it is grossly wrong and unfair to these more than 3,000 retired employees of the Canadian National Railways that there should be no improvement in their basic pension of $25 a month. I plead with the minister, just as strongly as I can, to take this whole question under advisement at the ministerial level and indeed at the cabinet level. Let him not say to us again that it should go to a committee or that it should be discussed with the Canadian National Railways. This is a problem that is now on the doorstep of the minister, and of the government itself. I feel it is their responsibility, in the name of parliament, to introduce an item in the estimates or whatever legislation may be necessary, to see to it that those who have only that basic pension of $25 a month get an increase to some more reasonable figure.

A few years ago, when I first started to present this case, I suggested a minimum figure of $40 a month. Certainly, that is still a minimum. But with what has happened to living costs and to the problems confronting these people, perhaps an even higher amount than that should now be stipulated as the minimum. At any rate, Mr. Chairman, I raise this question now, and I press it upon the minister as a problem that should be considered by him and by the cabinet for action by the government without further delay. It is a matter of extreme urgency to those who are affected.

Another subject upon which I hope we can get some information as we proceed has to do with the subject of grade crossings. On one or two previous occasions we have had a little difficulty discussing that item in the detailed portion of the estimates, because of the way in which the item is set out. Actually, it is a statutory item, though it does seem to come under the provisions of the administration item with respect to the board of transport commissioners. Perhaps to avoid any procedural difficulty at that point, we might have something on it from the minister at this stage of the estimates. I do not ask that he deal with it immediately following my remarks or even today, but that he include it in whatever organization he is making of what he is going to say before the first item passes. We should like to know how many projects for the elimination of grade crossings have been undertaken during the past twelve months, and how many have been completed. We should like to know what projects for the elimination of grade crossings are now in the process of construction. We should like to know how many applications for the elimination of grade crossings are before the board of transport commissioners today, and what consideration is being given to them.

Now, Mr. Chairman, most of the other items with which I have to deal can be dealt with as we proceed with the estimates in

detail. Before I sit down, however, there is one rather minor matter, but still it has an element of importance, which I should like to draw to the minister's attention. I have in my hand copies of three forms. The numbers are 2068/2-43; 2036/2-49 and 2038/5-45. These forms are all printed under the name of the Department of Transport and relate to the application for a certificate for proficiency in radio. On one of these forms entitled "Application to attend examination for certificate of proficiency in radio", I find a number of requirements. In the lower half of this form I read that this application must be accompanied by the following documents, and then there is a list following that. No. 3 in that list reads:

Two reference letters, from persons of British parentage (not being relatives) testifying . . .

My question is as to the reason for that phrase "British parentage" as being required before a person can write a letter of reference for one making this application. It so happens that the person from whom I received these forms, on making his application went for one of these letters of reference to the minister of his church. The minister happens to be a well known and highly respected minister of one of the churches in the city in Winnipeg. He looked over this form and said, "Well, I am afraid I cannot sign it because my parents are Icelandic." I am sure that this wording is not in accord with whatever was the intention of the department. I do not know what the version of this phrase is in the French translation of this form, but I presume there is one. I do not know what happens in that case, but it should be quite interesting.

At any rate, I have drawn it to the attention of the minister, and perhaps he will look into it. At some stage in the discussion he could tell us why that phrase is there, or preferably tell us it has been changed to something else. It seems to me that what counts when you ask for a letter of reference is the qualification of the person who is writing the letter, and not something with respect to his parents. I hope that matter will be looked into as well as the others I have drawn to the minister's attention, particularly the problem of the Canadian National retired pensioners on $25 a month.

Mr. Johnston: I wish to take part in this debate at this time, Mr. Chairman, because the subject which I have in mind does not seem to come under any particular item of the estimates. A serious national problem has arisen regarding transportation. This problem concerns the very existence of an important and essential part of our national life. The continuance of truck transportation is being threatened by the railways entering into agreements with western oil companies, namely, Imperial Oil and North Star Oil Company, under the agreed charges section of the act. These agreements cover about 75 per cent of their products, and set exceptionally low rates in that area lying west of Winnipeg. This low rate would force truckers out of this field entirely. This becomes an exceptionally serious problem, Mr. Chairman, when we of the western provinces must depend upon truck transportation for the greater portion of our transportation facilities.

The other day I had occasion to read an article with regard to this subject in the magazine entitled *Bus and Truck Transport.* This magazine is edited by Mr. Arthur F. Hailey who is not in any way connected with the trucking industry. I believe this magazine is published by the Maclean publishing establishment and that it is a well recognized magazine throughout Canada. This young man, Mr. Arthur Hailey, has spent a large part of his time in becoming thoroughly acquainted with trucking problems and has been appointed editor of this magazine. In the issue of March, 1952, at page 44 he has this to say:

New Rail "Agreed Charge" Threatens Tank Truckers

A new "agreed charge" plan for petroleum products is likely to have a big effect on western Canadian tank truck operators. In some cases the truckers may be forced out of business altogether.

The agreed charge proposal was announced March 1 by the Canadian Freight Association on behalf of the Canadian National Railways, Canadian Pacific Railways, and Northern Alberta and Winnipeg River Railways.

The contracting parties are Imperial Oil Ltd., and North Star Oil Ltd. All shipments of both companies between the head of the lakes and the Pacific coast will be affected.

Then he goes on to speak further about the matter.

This agreed charge, to which reference is made in the article which I have just quoted, is part of the Transport Act which was first brought down in this house in the discussion in 1937, and was enacted in 1938. Part V is the section which deals with the agreed charge. When the royal commission on transportation was having its hearings, it had to do with this section on agreed charges, and at page 88 of that report "agreed charge" is defined in this manner:

An "agreed charge" is a rate agreed upon by a carrier for the transport of all or any part of the goods of any shipper or group of shippers.

As I said a moment ago, this Transport Act, of which agreed charge is a part, was passed in this house in 1938. In the United Kingdom there is a similar act, called the Road and Rail Traffic Act, which was passed back in 1933, and which has to do with a similar problem. The great difference between the

United Kingdom act and our act is that ours is much more restrictive and can come to the point where it eliminates competition rather than meet that competition. If I am informed correctly, the United Kingdom act does not go that far. The country to the south of us, a great admirer of free enterprise—and we say that we are too in this country—is also a country of free competition; and we pride ourselves in that respect also. But in the United States, as I have been informed, they have no such act as we have here in Canada.

The purpose of the agreed charge was to meet competition. I remember that, back in 1937—because I was on that committee—this section was strenuously opposed by me. I could see quite clearly then that there was a possibility that the railways, if they saw fit to use the power which was being given to them, could eliminate any competitor in the field of transportation. There is some reference to that matter at page 92 of the report of the royal commission. I say at this point that it is my opinion that the railways are endeavouring even to tighten the act so that they will be able—I was going to say—to meet this competition, but in effect the result would be to eliminate their competitors rather than to meet them on fair ground. At page 92 of the report, in summing up the submissions made by the railways, the commission has this to say:

> If the agreed charge is aimed chiefly at the trucks (and this is what the railways say) it is hard to see what there is to prevent the railways and the water carriers from entering together into agreed charge contracts on the basis of proper traffic differentials.

The danger is that when the railways and the water carriers—although the latter do not enter into my argument so much as do the railways—these two large transporting concerns, get together under an agreed charge, there is nothing to stop them from eliminating their competitors entirely. It does not in any sense provide competition. I think that competition is a highly desirable thing. I am going to say that, because of the increased competition from trucks, there has been an endeavour, at least on the part of the railways, to modernize their methods of transportation in order to meet this competition.

The railways claim that the reason they must have this agreed charge is that the truckers are draining off the more profitable business and are leaving the railways that business which is less profitable. I have here before me a clipping which I took from the Calgary *Albertan* of Saturday, January 26, 1952. It refers to the increases in freight rates. The heading is: "4½ Per Cent Freight Rate Increase Granted." "Place Time Limit on New Schedules." This is the important subheading that I wish hon. members to note:

> Jump brings to 70 per cent the increase in rail freight tolls from 1948 levels; board places some restrictions on firms.

With the tremendous increase in freight rates as indicated in that article, it would seem to me that the railways are not so badly in need of increased revenues as to make it necessary to eliminate their competitors. There is every ground for believing that the railways should be in a position to meet competition. But when you go to the extent of eliminating your opposition entirely, free enterprise ceases to exist. This problem has come to the fore particularly in Saskatchewan, but it affects Manitoba and Alberta as well, and probably British Columbia also.

I have here a circular which was sent out by the Saskatchewan motor dealers association. I have no intention of reading all of it, but shall put only a small portion of it on the record. It says:

> Item one on bulk oil freight rates: We understand that the railways have offered the oil companies operating west of Fort William a special agreed charge on the condition that they use only rail facilities. According to information we have received the following figures furnish the picture:

And then they set out three columns, about seven rows each. I would ask the permission of the committee to have part of this document put on *Hansard*, so the hon. members may be able to compare the rates.

Mr. Browne (St. John's West): Why not read it?

Mr. Johnston: It would be awkward to read. However, I shall read some of it. With the permission of the committee I would ask to have this one section of the document placed on *Hansard*.

Some hon. Members: Agreed.

Mr. Johnston: It is as follows:

	Present rail rates (per 100 lbs.)	Proposed rail rates (per 100 lbs.)	Present Sask. truck rates (per 100 lbs.)
20 miles	22	5	13
50 miles	34	11	18
75 miles	45	16	23
100 miles	53	21	31
150 miles	63	30	39
200 miles	76	40	46
250 miles	86	50	54
300 miles	95	68	61

It will be noted that this table gives in the first column the present rail rates per hundred pounds, the second column the proposed rail rates, and the third column the present Saskatchewan truck rate. The first column also gives mileage figures. For instance, for a distance of twenty miles the present rail

rate is 22 cents per hundred pounds, and the proposed rate as set out in the second column is 5 cents. The present Saskatchewan truck rate for the same weight is 13 cents. For a distance of fifty miles the present rail rate is 34 cents; the new rate rail will be 11 cents, and the truck rate 18 cents.

I use these two examples to show how the new agreement under the agreed charges, into which the railways are entering, would affect the situation. I understand the approval of the board of transport commissioners has not yet been given, but that negotiations are being carried on, on the assumption that there will be approval. Why a railway company could make that assumption and proceed to complete its contract, I cannot understand. But apparently that is what is happening.

Mr. Chevrier: That is what they have to do under the act.

Mr. Johnston: I am sure the minister must be right; but it does seem to me that before the railways could complete that arrangement they should first have to get the permission of the board of transport commissioners to make these charges. Apparently however that is not so.

It will be noted that in the first instance the railways are now charging 22 cents per hundred pounds for a distance of twenty miles, and trucks are charging 13 cents, or a difference of 9 cents. If the railways were sincere in meeting competition—and the royal commission has said that that was the purpose of the act—they would be lowering their rates from 22 cents to 13 cents, and competing from a service standpoint. But they are not doing that. They are lowering their rate to 5 cents. Yet I think the Railway Act states specifically that the railways shall not haul any commodity whereby they effect a loss.

If the railways have been charging 22 cents and are now prepared to come down to 5 cents, they must have been making an exorbitant profit in the first place—an unwarranted profit—on the transportation of oil and oil products in western Canada. As I said before, I have no objection to the railways meeting competition by the use of this agreed charge; but when they come to the point of lowering their rates by 17 cents per hundred pounds, for a distance of twenty miles, it seems to me most clear that they are endeavouring to push the trucking industry out of western Canada.

Hon. members will see at once the position western Canada would be in if this were done. We are not so favourably situated as the people in eastern and central Canada, where there is effective water competition. And so in large measure we are going to have to depend in the future upon transportation by trucks.

Mr. Chevrier: I did not interrupt the hon. member because I knew he wanted to speak about agreed charges, and that he wanted to discuss the matter generally. However, he has had a pretty fair opportunity to do that. I would remind him that this matter is now sub judice; it is before the board. I believe the hearing is to be either in Regina or in Moose Jaw either this week or early next week. While I have no objection to a general discussion, the hon. member is now dealing with a matter with which a court of record will be dealing in the near future. In view of that I should hope that perhaps he might think he has met his purpose by placing on record the observations he has made thus far. I intend to reply, but I do not wish to deal with matters before the board.

Mr. Johnston: I do not pretend to be a lawyer; I did not know this matter was before the board. However, I was only leading up to a suggestion I wished to make to the minister—and I am sure the board will not take seriously anything I am saying, anyway. I think the minister need not be unduly alarmed in that respect.

Mr. Chevrier: I am not alarmed.

Mr. Johnston: I doubt whether the railways will take any notice of it either, but I do hope the minister will. The matter to which I shall now refer is one which I suggest merits consideration by the minister, and I would hope that he would see that something might be done in connection with it. I am sure the board is not dealing with the matter I am about to discuss.

Up to the moment I have been placing certain facts on the record. At this time, if I am permitted, I should like to say that under the Transport Act—and I am sure the board is not dealing with that—there is the possibility, as the act now stands, of doing a great injury to western Canada. It was never the intention of the act, when it was being discussed by the committee in 1937, to make it possible for the railways to eliminate their competitors. That would be a serious thing indeed.

We will recall that during the last war the trucking industry in Canada performed a worth-while task in the conveyance of war materials from one part of Canada to the other. They did their job with a degree of convenience and rapidity the railways could never hope to equal. Then we will recall that during the railway strike about a year ago the trucks carried on. It would have been

serious for Canada if we had not had a properly organized trucking system capable of transporting fuel oil products from one end of Canada to the other. We are in a very vulnerable position in this country, particularly in the event of war. One of the first things that would be knocked out of commission would be our railroads. If you eliminate the tank trucks used for carrying oil and oil products we would be in a most vulnerable position. I do not think we should ever permit ourselves to get into such a situation.

So serious has this become that the Saskatchewan government has taken some part in it and a resolution was passed in the legislature regarding this matter. I should like to quote from an article in the *Western Producer* of April 3, 1952, reading as follows:

Saskatchewan Backs Truckers' Case

The Saskatchewan legislature this week approved a resolution urging the federal government to amend the Transport Act so that highway truckers can appear before the board of transport commissioners to present their views on agreed charges.

The resolution, which was moved by A. H. McDonald, Liberal, Moosomin, received support from all house members but one—V. P. Deshaye, Liberal, Melville.

Mr. McDonald said there were 20,000 trucks for hire in the province and any group of that size should have the right to be heard before the transport board.

I want to speak about the right of the truckers to appear before the board of transport commissioners and object to contracts being entered into under the agreed charges clause. Somebody may say that I am arguing to have the trucking industry brought under the board of transport commissioners and under federal control, but I am doing no such thing.

Mr. Chevrier: Yes, you are.

Mr. Johnston: Oh, no, I am not. I think it would be wrong to have our trucking transport system placed under federal control, and I think the minister realizes that that would not be a proper thing to do. What I am talking about is the privilege that should be accorded to the truckers to appear before the board of transport commissioners which is accorded to the railroads by the provincial bodies. Trucking today is under provincial jurisdiction and is regulated by provincial bodies. However, the railroads have the right to appear before those bodies to make their submissions. Then the board dealing with the matter of rates and so on is in position to say whether the rates are fair and equitable and to judge whether the rates used by the trucking companies will endanger the life of the railroads. That is the way it should be.

[Mr. Johnston.]

That being so, why are not the truck transport carriers accorded the same right to appear before the board of transport commissioners to present their arguments? That does not mean to say that the board of transport commissioners shall be bound by their submission. They are perfectly free to come to any conclusion which they think is wise. To allow the trucking organizations to appear before the board of transport commissioners would in no way jeopardize the position of the railroads but it would give considerable enlightenment to the views of the board of transport commissioners. This is the thought of the royal commission on transportation, because at page 93 of the report we find this:

It is important also that shippers and carriers should have an opportunity of being heard, so that the board may be made aware of all aspects of the question.

That is exactly my point, that the board of transport commissioners should be made aware of all the aspects of the question. I do not know just what rewording of the act would be necessary to permit the truck transport association to appear before the board of transport commissioners to make their presentations without becoming bound by the terms of the act. That is a lawyer's problem and I am sure that there are enough in this house to see that we get the proper wording if the government decides to amend the act accordingly.

This question is of such importance to Manitoba, Saskatchewan, Alberta and British Columbia that the government should consider amending the Transport Act in such a way as to permit the truck transport carriers to appear before the board of transport commissioners to present their case so that board shall be made aware of all the aspects of the case. This could be done without placing the truck transport business under federal control. Something must be done if we are to permit this great trucking industry to survive.

I want to refer to one other conclusion of the royal commission. I said before that when this bill was brought before the committee in 1937, of which I was a member, it was never the intention of that committee to permit any major industry to eliminate its competitor. The royal commission has this to say at page 95 of its report:

It appears obvious that parliament did not intend the agreed charges to be a weapon to destroy or eliminate competition but rather to enable the railways to meet competition.

It does not take a Philadelphia lawyer, it does not take any lawyer, and it does not take even an Ottawa lawyer, as has been indicated to me, to understand that if we allow this act to continue in its present form,

if we permit the railroad companies to cut rates so low that the trucking industry will be put out of business entirely, then we create a condition which requires the attention of every member of this house. It is something so important nationally that I hope the minister will give it due consideration.

Mr. Low: Mr. Chairman, first I should like to compliment the minister upon the splendid way in which he has introduced his estimates this afternoon. I feel quite sure that as a consequence the study of the transport items will be much more orderly and successful. I do not intend to take very long this afternoon but there is one thing I should like to discuss and I hope the minister will be able to afford some comfort when he speaks in reply.

Before I introduce this subject I should like to say to the minister that I noted how manfully he struggled against very strong forces in this house and the country last fall when his Bill No. 12 was being considered. I thought he stood up admirably to all those forces and I want to compliment him on the way that he conducted his affairs in connection with the passage of that bill. I know what he was up against. I know what he was trying to do, and I think he achieved a great thing by the passage of the amendments to the Railway Act introducing the principle of equalization of freight rates and the one and one-third rule. However, I am quite sure the minister must feel, as I do at the moment, somewhat disappointed at what has happened since that time.

If I am well informed—and if I am not I am sure the minister will set me right—the railways hastened to file with the board of transport commissioners a new schedule of transcontinental rates, particularly one that applies to the transport of certain commodities from eastern territory to the Pacific coast. My information is that the board approved the new schedule. I presume that the railways in filing the schedule presented arguments which must have swayed the board to induce its members to give their approval.

Mr. Green: Is it not a fact the board cannot do anything about that?

Mr. Low: I am given to understand that they did, and that is the thing that rather puzzled me. There is a new schedule of rates which I shall deal with in a moment, and to quite an extent it nullifies the effect of the legislation passed by the house last December. Not very much time has elapsed and there must be some reasons for the haste other than those that I can see. For a good many months prior to this spring the railways had been able to maintain the old schedule of transcontinental competitive rates. As far as we can gather, no thought had been given to increasing those rates until the one and one-third rule was under consideration by parliament last fall.

Veiled threats were made in the committee by the representative of the Canadian Pacific Railway Company. Those who were members of the committee will remember all too well that veiled threats were made that the railways would file a new schedule of transcontinental rates with the board, and that those rates would be increased as a means of sort of beating out—I am not putting it in blunt words—the minister's valiant efforts to bring a measure of relief to certain areas of Canada that for a long time had been the victims of rank discrimination. The Canadian Pacific Railway evidently did not waste any time. As a matter of fact they did not wait until they had built up enough experience under the one and one-third rule so that they could really make a case. Evidently they based their arguments before the board in support of the new schedule entirely on what they put forward as a potential need and not a real need to balance their revenues with expenditures.

The question that has bothered my mind is why the railways could not have restrained their impatience at least until sufficient experience had been recorded to indicate definitely whether in fact an increase in the transcontinental rates was necessary to keep their revenues in balance with their costs. By their impatience, and through what I think is the weakness of the board, much of the relief that was won for the prairie provinces under the one and one-third rule has been snatched away from them. I am going to give an example to show what I mean by much of the relief being snatched away from them.

A good deal has been said in the discussion of freight rates over the past several years about many items, but perhaps the most representative of those involved in the discussions would be the rate on canned goods from eastern Canada to intermediate points in western Saskatchewan and Alberta. I am going to give the old competitive rate as it was prior to the time the one and one-third rule was initiated. The rate was $1.57 per hundredweight from Ontario points to Vancouver.

Mr. Green: On what quantity?

Mr. Low: On a carload lot, basis 80,000 pounds to the carload. The Alberta rate to either Calgary or Edmonton for the same

quantity was $3.23 per hundredweight at that time. The one and one-third rule was instituted as a result of the amendment to the Railway Act last fall. Under that rule the new rate would be $2.09 per hundred pounds on the same canned goods to Calgary or Edmonton. But the Canadian Pacific Railway rushed in and filed a new schedule which hiked the transcontinental rate to $1.89 from $1.57. Therefore under the one and one-third rule the rate to intermediate points, particularly Calgary and Edmonton, would be $2.53 per hundred pounds. That is an increase of 44 cents per hundred pounds on canned goods.

That is just a sample. The same sort of thing applies to other commodities transported to the intermediate points from eastern Canada. I said I was puzzled about the haste with which the Canadian Pacific rushed into this thing and filed their new schedule. I am quite certain from all the facts I can gather that in the intervening months since the house passed the amendments to the Railway Act under Bill No. 12 there had been no change whatever in the competitive situation. I doubt very much if the experts of the Canadian Pacific Railway can show that there was a change in the competitive situation.

I am not going to argue that they could not make some sort of case for a potential change projected some time into the future, but we do not make freight rates—or should not—on the basis of a potential that reaches years into the future. Freight rates have been and should be based on the facts of the situation as they obtain at the moment. Any change that takes place ought to be as a consequence of a change in the competitive situation, and I am speaking now particularly about competitive rates. As I say, I am very puzzled and not a little disappointed at the attitude of the Canadian Pacific Railway, but when I say that I must also say that I am very much puzzled and very much disappointed by the attitude of Canadian National Railways, our own national railway. All through the hearings of the committee last autumn Canadian National Railways remained silent and allowed the Canadian Pacific Railway to speak for the railways. But the Canadian National did take the position that there would be no need to increase the transcontinental rate immediately or in the foreseeable future. They thought we could get by quite nicely, and the record will show that to be so.

What the Canadian Pacific might do, of course, would cause me no surprise at all after listening to the attempts of their representatives to beat down our efforts to put through the amendments to Bill No. 12; but I contend that railway alone could not have devised a new schedule, filed it with the board and had it accepted. They would require the wholehearted support of the Canadian National, and evidently that is what they got. That is the reason I am so bitterly disappointed at this moment. Certainly the Canadian National must have changed its position materially within a period of three or four months, during which time they cannot show any change whatever in the competitive situation. What changed their minds? Did they go to the minister and ask his advice? If they did, what was his advice?

Mr. Chevrier: They certainly did not.

Mr. Low: Well, after the valiant efforts made by the minister in putting through that bill, valiance which we commend most highly, and after the silence they maintained throughout the hearings, it seems to me very peculiar that they would not go to the minister and ask his advice on a matter so important, which has the effect of completely contravening the intention of the bill put through by the minister, which is the law. If they did not consult with the minister somebody ought to be reprimanded. Remember, this is a government railway. Remember that this new schedule of transcontinental rates never could have been approved by the board without the complete support and approval of the Canadian National, the railway that said there was no necessity whatever for an increase in the competitive rates in the foreseeable future.

That is a serious situation. If we are going to allow these companies to thwart the efforts of the representatives of the people and in effect therefore to dictate to the parliament of Canada, we have come to a very pretty pass in our history. I say I am bitterly disappointed in what has happened. Surely one could reasonably expect the two companies to wait at least until they had gathered sufficient experience to justify a request for an increase in the transcontinental rate schedule. They did not do that. It would be very interesting and enlightening to a good many of us to know why. The people of my province had been led to expect that they would find substantial relief under the one and one-third rule from the discriminatory rates they had been paying for so many years. So had the people of western Saskatchewan, who have also suffered.

Mr. Green: Your rate was reduced, was it not, even with the transcontinental increases?

Mr. Low: Yes, it was; but to a substantial degree the relief was snatched away by the

filing of the new schedule, by rate increases which were completely unjustified at this time.

Mr. Chevrier: The hon. gentleman is not arguing, is he, that the benefit of the one and one-third rule has been wiped out by these increased transcontinental rates?

Mr. Low: Comparatively, no; but really, yes.

Mr. Chevrier: Only a limited number of rates have been increased, whereas the one and one-third rule applies to all.

Mr. Low: That is quite true, but what I am trying to get at is this: If the railways are successful in contravening the intent of this law by filing and having approved a new schedule that applies to even a few of these rates, is there not danger that they will be able to do the same thing for all the rates? I am protesting against the fact they were able to get that new schedule at all at this time. As I said, canned goods now form a very important item in the diet of our people in the prairie provinces, especially during the winter. They do get large quantities of canned goods from eastern Canada, and that is one of the items included in the new schedule. That is what I am talking about.

Mr. Chevrier: I point out that the railways did not require the approval of the board for the increase in the transcontinental rates, because they are competitive rates.

Mr. Green: They are lower than the standard rates.

Mr. Chevrier: That is right; and for that reason I do not think it can be said that the board was in error in taking away, if this in fact has taken away, some of the benefit of the one and one-third rule. I shall deal with that later, and I think I will be able to establish that it is not nearly as bad as my hon. friend anticipates. Certainly I agree with him that the Canadian National Railways at least led me to believe there would be no increase.

Mr. Low: As they did me. May I say to the minister I certainly look forward to having the information he can give, because I am not talking with a profound knowledge of it. All I have, of course, are the details concerning the schedule of rates and the changes which have been made. I am in the dark as to why they were made. I am sure the minister must admit one thing, however; that without the support of the Canadian National Railways that new schedule could not have been filed and approved. The Canadian Pacific could not do it alone. Therefore today the Canadian National stands accused.

Mr. Browne (St. John's West): I am sure the minister must be pleased with the compliments he has received on the remarks he made at the opening of this discussion this afternoon. I suppose his work is so onerous and so extensive that he might be pardoned if he were not aware of some of the points brought out by the previous speaker. When we think of the Department of Transport, which is under the control of the minister, dealing with airways, steamships, railways and now going into trucking and bus services, we can easily see that the minister is becoming an emperor in the transportation field in Canada. We have T.C.A., Canadian National Steamships, Canadian National Telegraphs, overseas communications, and so forth; and I am sure everyone sympathizes with the minister in the great responsibilities he has to carry, and they are very pleased to see him so courteous in dealing with them. Therefore it is to be regretted that sometimes we have to criticize him.

Mr. Chevrier: I await the rest.

Mr. Browne (St. John's West): Well, I have not very much to criticize the minister for today. I am particularly interested in what is going on in Newfoundland, and the reports I have from there are very favourable.

When the delegation from Newfoundland was in Ottawa considering the terms for confederation, they placed before the representatives of the federal government a statement dealing with railway affairs in that province, the operation of the railway itself and the steamship lines under its control. The representatives of the federal government, probably including the minister, felt satisfied that the service being given down there was very good and did not need very much extension at the time. They did realize, of course, that the railway was not in very good shape and that the steamships needed replacement; they were old, and had been in service for many years.

However—and this is a point I have brought up here several times, though perhaps hon. members do not fully appreciate it—when union went into effect on April 1, 1949 there was a complete transformation in the import trade of the country and the railway services became far from adequate. Our trade with Canada previously had been brought partly by water and partly by rail. But it doubled; and now the passenger traffic has doubled. Of course, the railway was not built to cope with this development in freight and passenger traffic over the line, and it has fallen behind. The people in business, especially in St. John's, are complaining about the inadequacy of the service. I am glad to see that the vice-president and manager of the Atlantic region has been in St. John's recently and

conferred with representatives of the board of trade. He indicated that the Canadian National Railways are going to spend a good deal of money in the improvement of the rolling stock, the roadbed, and services generally.

It was decided in advance that Newfoundland would become part of the Atlantic region with headquarters in Moncton, so that the railway has been governed from Moncton, New Brunswick, ever since. Previously, when we had the Newfoundland railway it was operated from a general headquarters in St. John's. I am wondering if after three years' experience the minister is satisfied with the arrangement that has been carried on up to the present, because it means that various officials have to be going from Moncton to Newfoundland to see how things are being done. I believe there would be a better esprit de corps if the management and their representatives in St. John's had full charge of the Newfoundland service. Newfoundland is an island, and one would naturally think that it would be on its own and not tied in with New Brunswick, Prince Edward Island and Nova Scotia.

I noticed that the estimates generally have increased by about $10 million. This is not surprising in view of the increases in costs for the various services.

In regard to the improvements which are to be made in the services to Newfoundland, I want to refer especially to the steamer across the Cabot strait. Last year there was a vote of $2·5 million put in the estimates for this service. The minister told us this afternoon that not $50,000 has been spent of that item as yet. I wonder how much has been spent and what progress has been made. I hope that if he feels it convenient to reply he will tell us exactly what has been done, and what money is to be voted this year. Will it be like last year, with only about 1/50th of it being spent? I have in my hand an item appearing in the press which is dated January 9, and it says that the contract for the construction of this vessel was awarded about a year before, that is at the beginning of 1951, to the Canadian Vickers Company in Montreal. The article goes on to state that the keel of the ship had not yet been laid and nothing had been done. In fact, it was doubtful if anything would be started before next summer—that is this coming summer. We were under the impression that it had been started, and the excuse given in January was that there was a shortage of steel. I hope that situation has improved so much that the contractors feel confident enough to go ahead with this construction of the steamer.

[Mr. Browne (St. John's West).]

The same thing applies to contracts that are going to be let for two other steamers to be used in the coastal service around Newfoundland. Construction of two coastwise steamers of the Bar Haven type has been authorized and tenders have been called. It is anticipated that the contract covering the building of these ships will be awarded in the near future, according to an article in the press dated May 1, 1952. I wonder if those tenders have been let and when the contract is likely to be awarded.

Although the improvements that are being made are very extensive and deeply appreciated by the trade and the public generally in Newfoundland, there are still other things needed. I have in my hand an editorial from the *Daily News* of May 3, 1952, which points out that importers in St. John's have complained of the long delays in the receipt of shipments from mainland centres during the winter season. Many instances have occurred of mislaid freight which must be due almost entirely to deficiencies in handling and storage facilities. Local shippers also find that the system of taking freight for special routes only on certain days often involves them in high costs and inconvenience. An advertisement will be put in the paper that freight for Bonavista will be taken on Friday or Saturday, and you must have it ready on that particular day or it will have to remain over a long period of time. Shippers feel that they should be permitted to bring the freight in in advance, and that they should not be tied to a date.

Some shippers are also complaining that they are not given sufficient notice of the time limit for freight delivery. Frequently advertisements appear in the paper that the time for freight to be delivered to such and such a place will close at nine o'clock tomorrow morning. I am not sure of the time, but the idea is that the shippers do not have time to get their freight ready so that it can go on any particular steamer. In justice to the minister I should say that this editorial does admit that when the Canadian National took over the railway in Newfoundland it took over a headache. It was only to be expected that, with our inadequate revenues and the comparatively small amount of freight that was going over the line at that time, we could not keep it in the condition that is necessary now.

I should like to refer to a matter of interest to a great many people in Newfoundland, and it concerns the small sailing vessels. Since we joined with Canada we have come under the Canada Shipping Act. Small vessel owners are complaining that the regulations which apply to ocean-going steamers

are being made to apply to them. Looking through the statistics contained in one of the numerous reports from this department dealing with shipping in Canada, I find that Newfoundland has the second largest number of sailing vessels, but they are very small in size in comparison with those in British Columbia or even in Nova Scota. The average size of sailing vessel in Newfoundland is about 30 tons, whereas the average size of the sailing vessel in other provinces would be three times as great. It has been the practice in Newfoundland for sailing vessels of that type to take a lot of freight into the small coves where large vessels cannot enter. This has been the custom of the country for well over one hundred years and Newfoundlanders have as high a reputation as skilled seamen as the men in the maritime provinces. They have built their boats and sailed their boats. Probably one hundred years ago they built bigger vessels than they are building today.

It is quite a common thing for a man to build a small boat himself. It might take two or three years to build, but then it is used for freight service and for fishing. There are 1,055 such vessels and they only amount to 38,000 tons, whereas in British Columbia there are 1,178 vessels which amount to over 234,000 tons. These small vessel owners are complaining that they are governed by the same conditions that apply to large vessels, that is they have to have the same safety equipment, life boats and so on. These small vessels cannot carry the ordinary life boat, so they carry dories. Anyone who knows much about the sea knows that the dory is an exceedingly safe boat for men to be in. Dories can stand the roughest seas. They float like a bird on the water. Under the circumstances I feel that the minister should give consideration to an extension of the time, at any rate, before these rules are made applicable to small vessels. At present the vessel owners are afraid they are going to be driven out of business altogether.

From the report of Canadian Overseas Telecommunication Corporation, I notice that the radiotelephone business with Newfoundland is in a healthy condition. With regard to the Newfoundland telephone service the report states:

> This section of the corporation's business shows an important increase of 20 per cent in the number of paid minutes during the year as compared with 1950 and indicates a healthy condition for which extra capacity will be necessary in the near future.

The minister, of course, told me the other day that steps are being taken to improve the service between Newfoundland and the mainland and also that consideration was being given to reduction in the rates which are now extremely high. It costs $7.50 for three minutes, without any reduction for Sunday or night telephone communication. I believe that such a reduction will be beneficial. I believe that it will not result in any loss but rather that it will result in increased traffic and give greater profit than has been shown up to the present time. Those who have had dealings with Newfoundland by telephone have been complaining of the service.

I should like to say, Mr. Chairman, that those who have had the advantage of making a trip on the coastal boats of Newfoundland that have accommodation for tourists return highly pleased with their experience, with the services they received and the courtesy extended to them at the hands of the master, the officers and crew.

Last year my wife and I had the privilege of making a trip on the S.S. *Northern Ranger* which runs from Corner Brook to St. John's. I would like to say that there is a possibility of increased revenue for the steamships if the C.N.R. would cater to tourists by providing them with cruises of that kind. I do not see how anybody else can do it. I therefore think it would be worth while for the management to consider providing more accommodation of that sort than that which exists at the present time.

The scenery around Newfoundland is beautiful and most interesting. This was the first time that I had ever gone around Newfoundland and to Labrador and I found it very interesting. I must say that if the trip interested me, I feel certain that it would interest those people who are not familiar with Newfoundland coastal scenery. The scenery, especially in White bay, was most beautiful and it would be most attractive to artists many of whom know little about the beautiful scenery that Newfoundland offers. I would therefore recommend the trip to anybody who happens to be listening to me or who reads what I have to say. If they are looking for a nice cruise of about a week's duration, they could not do better than to make application for reservations for the trip from Corner Brook to St. John's, or from St. John's to Corner Brook because the ship runs the two ways, calling in at little places which are hives of activity and sometimes the scene of great industry.

I drew to the attention of the minister the complaint of the master of the *Northern Ranger* with regard to Flower's Cove, I think it was, where he complained about the beacon being inadequate for a fairly large

ship; I mean, in comparison with vessels that usually go into these places. I do not think he meant a light. I think he meant the post that was placed inland and lined up with another post on an island. He thought that was inadequate and he asked me to draw the matter to the attention of the minister. I did so, and I was advised that this year the government was trying to improve the present facilities—I think that is what he said—and could not do anything about this matter. But this is a small item. If the minister would get his secretary to look up his file, I think he would see that it would not cost much to do what is asked and it would gladden the heart of the masters of the vessels that have to call in there. These men work hard. Sometimes they have to work in foggy weather and under hard conditions in the fall of the year. When they make a recommendation they do not make it frivolously, and I feel that it should be given every consideration.

There is only one other matter that I wish to make reference to, and it is going to take me a few more minutes to do so.

Mr. Knowles: Six o'clock.

Mr. Browne (St. John's West): I wonder whether I could break off now.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

GULF PULP AND PAPER COMPANY

The house in committee on Bill No. 91, respecting Gulf Pulp and Paper Company—Mr. Brisson—Mr. Beaudoin in the chair.

On section 1—*Borrowing powers.*

The Chairman: Perhaps I might inform the committee that this bill was considered carefully and reported without amendment by the miscellaneous private bills committee.

Mr. Green: May we have an explanation from the sponsor?

(Translation):

Mr. Brisson: Mr. Chairman, the Gulf Pulp and Paper Company was incorporated by special letters patent in 1902. Under its charter, the company is not authorized to acquire shares in other companies. The Gulf Pulp and Paper Company has today the advantage of establishing a power plant on the Ste. Marguerite river, in partnership with the Iron Ore Company, which is developing iron ore deposits in New Quebec; consequently, it is asking parliament to amend its charter so that it may enjoy the privileges granted under the Companies Act, 1934.

Mr. Green: Thank you.

(Text):

Mr. Weir: Is the hon. member for Vancouver-Quadra satisfied with the explanation?

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

MORAVIAN CHURCH IN AMERICA

The house in committee on Bill No. 185, respecting the board of elders of the Canadian district of the Moravian church in America—Mr. Decore—Mr. Beaudoin in the chair.

On section 1.

The Chairman: This bill has already been considered and reported by the committee on miscellaneous private bills, without amendment.

Section agreed to.

Sections 2 and 3 agreed to.

Bill reported, read the third time and passed.

GERTRUDE MINTZ DANKOFF

The house in committee on Bill No. 159, for the relief of Gertrude Mintz Dankoff—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Green: Mr. Chairman, I understand this was a contested divorce case. Apparently it was contested in the committee of this house, to which it was referred, although only counsel for the different parties appeared. No evidence was taken. I wonder if we could have a report from the chairman of the committee as to what did happen in respect of this particular bill.

Mr. Winkler: Mr. Chairman, counsel for the respondent asked to be heard before our committee. Likewise, counsel for the petitioner was heard. After deliberating, the committee decided the bill should pass, and be reported back to the house.

Mr. Knowles: Was that decision unanimous, or on division?

Mr. Winkler: The decision was not unanimous. It was voted on and carried by a large majority.

Mr. Green: On what basis is the case heard in this manner? Apparently all that happened was that counsel for the two parties appeared and made statements, following which the committee reached a decision. Is there no provision for the calling of witnesses by the committee? Surely it is not right to have a case decided merely on statements of counsel.

Mr. Winkler: This was not a court case, so far as we were concerned, unless the committee decided to make it such. The decision of the committee was that it was not necessary to hear witnesses. It made its decision accordingly.

Section agreed to.

Section 2 agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read a third time?

Some hon. Members: Now.

Mr. Coldwell: On division.

Bill read the third time and passed on division.

BOUNDARY PIPELINE CORPORATION

The house resumed, from Tuesday, May 13, 1952, consideration in committee of Bill No. 62, to incorporate Boundary Pipeline Corporation—Mr. Larson—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. Murphy: Mr. Chairman, at nine o'clock on Tuesday night I was completing my remarks with respect to the incorporation of this particular company and I should like to continue on that same subject. Being a member of the committee which studied this particular bill I think it is only fair that I mention what took place in the committee. An expert witness, a Mr. Herring of the Fish Engineering Corporation, Houston, Texas, appeared as an expert witness. Looking back on my experience in committees since coming to the house, I think what occurred in this committee was the first indication of an overwhelming government majority endeavouring to apply closure on the proceedings of a committee.

I regretted that very much as a member of this House of Commons. I think it is about time that the rights of members of parliament were recognized. At that particular time we were endeavouring to obtain further evidence from Mr. Herring. The hon. member for Calgary West made what I think was a masterful speech in the House of Commons in which he outlined the common-sense policy that should be followed in the Dominion of Canada in respect of gas and oil. In the committee the hon. member conducted a very thorough examination of this witness. In this country we are all interested in the proper development of our natural resources. We recognize that a province may have prior rights to any other province in connection with natural resources, but we recognize also that our natural resources are for the good of Canada as a whole. We also feel that if any bill coming before a committee is to have proper scrutination and study—

Mr. Gibson: Scrutiny.

Mr. Murphy: Thank you. I wish the hon. member had been on that committee as he might have supported the opposition for once. If we had been in a hurry, there might have been some excuse, but there was no other matter to come before the committee. I think this was the fourth session, but whether it was the fourth or the sixth session makes no difference.

I resent vehemently the attitude of the government members on that committee in stifling the production of evidence which was necessary in order to reach a proper conclusion. It simply shows the people of this country what happens when we have a government with too large a majority.

An hon. Member: Rubbish.

Mr. Murphy: I know it is rubbish. When you have too large a majority, it certainly is rubbish.

An hon. Member: You are blushing when you say that.

An hon. Member: You have not said anything yet.

Mr. Murphy: I enjoy these interruptions because I can go on until nine o'clock as long as time is allowed.

An hon. Member: Is that not what you expected to do?

An hon. Member: You have not said anything yet.

Mr. Murphy: If you had ears you could listen.

An hon. Member: You have not said anything.

An hon. Member: If you had brains you could say it.

Mr. Murphy: If you just keep still I will say something in a minute. I realize that the Grit members on the other side will not like what I am going to say. I think it is about time that we of the opposition had our rights recognized in committees and in the House of Commons. We should not be stifled as we were in that committee.

Mr. Gibson: You cannot sink a battleship that way.

Mr. Murphy: I enjoy these interruptions, but I hope you are watching the clock, Mr. Chairman. I know the hon. member for Comox-Alberni is just back from a fishing trip which he seems to have enjoyed. We had not finished the examination of Mr. Herring when one of the huge government majority on that committee moved a motion to stop further discussion. As a matter of fact the questions were beginning to get very embarrassing. It seemed to me and to others in the opposition that no matter what bill was proposed by a Liberal member it was going to pass the committee no matter what we said.

An hon. Member: More rubbish.

Mr. Murphy: In the middle of this examination a motion was moved by the hon. member for Iles-de-la-Madeleine, and I quote from page 73 of the proceedings of the committee on railways, canals and telegraph lines as follows:

> Mr. Cannon moved that sufficient evidence has been obtained for the committee to decide as to the economic practicability of the pipeline under consideration; and that the question be put on the preamble without further examination of the witness. After discussion and the question having been put on the said motion, it was agreed to on the following division:

I might say that there was one good Liberal who voted in opposition to that particular motion.

An hon. Member: That is a matter of opinion.

Mr. Gibson: You will never be a senator.

Mr. Murphy: Not likely, and a lot of you people are going to have faint hopes after the next election. I would have been in agreement if the motion had been worded a little differently. It might have been possible that even those without political motives would have been agreeable to granting a charter to this particular company in spite of what the hon. member for Bow River said the other night that he hoped a number of companies would be incorporated in order that the province of Alberta could bargain. I would have been satisfied to move a motion that we had heard plenty of evidence after the hon. member for Calgary West read the letter that afternoon which he received from the manager of the Winnipeg Electric Company, and to that I wish to refer.

An hon. Member: Why didn't you move it?

Mr. Murphy: With respect to the motion to cease hearing any more evidence I wish to go on record as having taken exception at that time, and I said, as found on page 91 of the proceedings of the committee:

> I would like to say a word before you put that motion. In the first place, I dislike very much this railroading which is apparent—

Continuing later I said:

> I know there has been a lot of examination. There is going to be more; at least, I hope there is going to be more because I come from Ontario and I am very much interested in getting Alberta gas, and I think the members from Quebec are very much interested in getting Alberta gas. I think it would be very unfair to us in Ontario or Quebec to have any stifling of evidence, because we are not in a hurry.

Certainly there was a stifling of evidence when that motion was put before the committee.

> This is not a matter of minor detail. It is a matter of the development of natural resources of Alberta, and I hope of Saskatchewan and Manitoba, and other provinces also; and it opens up a very large field. I am quite sure that the members of the committee would be reasonable enough to have some patience because this examination is too important to cut off in such a peremptory manner; and that evidence produced this morning may not be to the liking of some members of the committee. Mind you, I am of the opinion that when the picture has developed later it will have a great bearing on what we are going to do. What we are doing today will have a great bearing on what is going to happen later on, and I for one want more information; and I think that what Mr. Nickle was endeavouring to establish was that there is contradictory evidence which I think, in the interests of every member of the committee, should be put on the record. If Mr. Nickle has evidence which does not substantiate that given by the witness we, as a jury, have to consider that evidence. Mr. Nickle now has reports from other reputable engineering firms contradictory to what has been given by the witness; and, with all due respect, I think he is a marvellous witness . . . But there are these figures Mr. Nickle desires to submit which have been prepared by responsible engineering firms, and I think that he should be entitled to put them on record in answer to the evidence given by this witness, even if he has to go on the stand and put it in himself.

Mr. Laing: When are you going to say something?

Mr. Murphy: Because of that particular examination having been delayed somewhat and the hour of one o'clock having been reached we adjourned. At the opening of the afternoon meeting of the same committee Mr. Nickle had a letter which he had obtained from the manager of the Winnipeg Electric Company.

Mr. Laing: Promise to say something.

Mr. Murphy: Oh, I have not heard you say anything yet so just keep still.

An hon. Member: What has electricity got to do with gas?

Mr. Murphy: I am going to quote Mr. Nickle's statement to be found at page 101 of

the proceedings of the committee. Referring to the letter he had received he said:

This is a letter which I received this afternoon by air mail from Mr. A. H. Harris, manager, gas utility, Winnipeg Electric Company, in reply to an inquiry directed to him a few days ago; and the specific nature of our inquiry was to find out his views of the various estimates made of industrial and commercial loads in greater Winnipeg, more specifically on the figure of 10·95 billion cubic feet —roughly 11 billion cubic feet—given in the consumer load survey of the Boundary Company. That figure of 11 billion for industrial interruptible load represents over 65 per cent of the Boundary estimate of the total greater Winnipeg consumption and represents approximately 40 per cent of the total fifth year estimate of demand for the entire Boundary pipe line system.

Mr. Laing: Good reading.

Mr. Murphy: I continue:

In reply to this inquiry this is what the Winnipeg Electric Company says—and I point out that this is the company which distributes or will distribute the natural gas in Winnipeg for domestic, industrial and commercial purposes.

Mr. Laing: You read well.

Mr. Murphy: Mr. Nickle continued as follows:

He has submitted a lengthy brief here which I think will be of interest to the committee.

I am going to quote a couple of paragraphs because I think it is very important.

An hon. Member: Let Howard take over.

Mr. Murphy: This is a part of the letter from the Winnipeg Electric Company, and it reads as follows:

In reply to your inquiry on the fuel situation in Winnipeg including coal consumption, natural gas sales, etc., we are unable to find anything approaching a 10 billion cubic foot natural gas interruptible load in this immediate territory.

Then Mr. Nickle read the final paragraph of the letter which is as follows:

Incidentally, we have had no recent inquiries from anyone concerning prospective natural gas consumption in this district, and we doubt if accurate figures could be determined without consultation with us. It would appear that the 10 billion cubic foot interruptible load referred to has been pulled out of the air.

In the face of all that evidence the committee recommended the bill for adoption.

Mr. Laing: Five Tories in the house.

Mr. Weir: Six now.

Mr. Laing: Now we have got six.

Mr. Murphy: I should like to say to some of these people who are more constipated in one end than they should be in the other that they should be still for a moment. This is not the type of evidence which would warrant the incorporation of any company. When we had such contradictory evidence before the committee I think we are entitled to consider the measure for what it is worth, and I see no reason why we as members of the house should grant a charter to this particular company. I think it is an absurd thing to do when we only had evidence from one man who was a very capable witness for the Boundary Pipeline Corporation—

Mr. Laing: Seven now.

Mr. Murphy: —but who contradicted himself so much and whose evidence was certainly contradicted by the very people through whom he expected to distribute so much of his product. That fact should be weighed with grave consideration by those who were members of the committee as well as all other members of the house. We in Canada, whether we live in Alberta, Ontario or British Columbia, are interested in the development of the natural resources of the country. We do not feel that these pipe line companies should be incorporated for their nuisance value. It may be that is the policy of some people but I am inclined to take the attitude that we should oppose that sort of practice whether it comes from Toronto, Vancouver, Winnipeg or anywhere else. I am not in favour of granting a charter to anybody who applies for it for the sake, as the witness in this case said, of getting his toe into the gas fields of Alberta with the idea no doubt of selling his charter to someone at a later date who would probably obtain a franchise to export gas from the province of Alberta.

I think it is quite well understood that we are going to have two pipe lines from the Alberta gas fields, one to the east and one to the west. This particular company is endeavouring to obtain a charter to build a 16-inch line. Certainly that is no good for the province of Ontario or the province of Quebec. We in these two provinces want natural gas, and if it can be obtained we want to get it from the province of Alberta, or later from the province of Saskatchewan, the province of Manitoba, or wherever it can be obtained. We want to get it at the cheapest possible rate. We in southwestern Ontario are now getting some gas from the United States but as Canadians we would be very glad indeed to obtain all our gas from the western provinces if we could. I hope that circumstances will be such that we will be able to obtain natural gas from that region at a price competitive with that of gas imported from the United States. Neither now nor at any time in the past have we ever been assured of a definite amount of gas from the United States for a definite period.

At the rate we are developing industrially both in Quebec and Ontario we need a great deal of natural gas, and we want an assured supply. We have one company incorporated, Trans-Canada, which proposes to deliver gas in Ontario and Quebec by means of a 30-inch pipe; but I am afraid a pipe line even of that size will be sufficient to look after only a portion of the future needs of these two provinces. We also have Interprovincial, which goes from Alberta to Superior, Wisconsin; the same can be said about it. I believe every hon. member feels the time will come before too long when we in Ontario and Quebec will require a great deal more than is now coming through the Interprovincial pipe line. I believe we all share the feeling that Canada has a wonderful future ahead during the next few years. With that in mind we must realize that if this company is incorporated to build this little 16-inch pipe line and obtains permission from Alberta to transport gas to Winnipeg, in the long run that will probably prevent Ontario and Quebec getting a pipe line which will service us with that most important product. No doubt these people hope to go south with their gas; but I believe it is in the interests of the province of Alberta that we get gas from that province as cheaply as possible, and get as much as we can. With such a small pipe line, however, no area in Saskatchewan or Manitoba, let alone the eastern provinces, will be able to get gas economically.

We in southern Ontario are interested in getting gas; and if we cannot get it from Alberta or the other western provinces, where I am sure they are going to have great developments, of course we will have to resort to United States gas. The other night I said, and I am going to repeat, that I think there should be a reciprocal arrangement between the two governments at the highest level, so we could obtain from the United States as much gas as we ship there. I said the other evening that we are now shipping to a defence area in Montana some 10 billion cubic feet of gas per year; and when the pipe line goes through to the west that will be greatly increased. We must remember that the United States has always considered its own interests first. That is only natural; but we as Canadians must also consider our own interests. If the United States is not prepared to enter into some fair reciprocal arrangement with respect to both oil and gas, then I believe Ontario and Quebec would be quite prepared to take gas from Alberta or Saskatchewan or Manitoba even at a higher cost, because I believe the natural resources of our country should be developed for the use of Canadians. Perhaps only in that way can we make those on the other side of the line understand that we have sufficient resources to take care of our own requirements. However, we would prefer a reciprocal arrangement under which in certain areas we could obtain the cheaper United States gas, while in other areas the United States would take gas from us. I believe we are entitled to as much gas from the United States as we ship to that country.

I am just going to sum up what I have said in three or four paragraphs. This proposition falls far short of meeting Canada's best interests for the following reasons. First, it would open only a limited market for the rapidly growing gas reserves of western Canada. It would not open a market of sufficient volume to allow the great Pincher Creek field and the allied petro-chemical industries to develop on an economic basis. Such small scale eastward export from Alberta would not meet the increasingly urgent need for markets for Pincher Creek and the long list of other gas fields in southern and central Alberta. I might comment there that we hope and expect the opening up of Pincher Creek will bring about the development in that area of great chemical industries, even if they do compete with those in the city of Sarnia.

Second, acceptance of the Boundary transmission project would penalize the consumers of Saskatchewan and Manitoba. A small scale line such as proposed by Boundary would have to sell gas in these prairie provinces at substantially higher prices than would a major project, such as that proposed by Trans-Canada Pipe Lines or Western Pipe Lines Limited.

Third, acceptance of the Boundary project could delay, perhaps for years, the securing of gas in large volume for Ontario and Quebec, either by direct pipe line from western Canada or by gas exchange with the United States.

Fourth, the Boundary project, on the basis of such evidence as was submitted to the railways and canals committee, would not be economic. In other words it could not serve a large enough market or deliver gas at a price low enough to compete with other fuels, and obtain adequate revenue to cover its cost if it stops at Winnipeg.

Canadian-Montana Pipe Line Company, at the request of the United States defence authorities and with the approval of the Alberta and Canadian governments, recently commenced export of 10 billion cubic feet per year of Alberta gas to the Anaconda Copper Company in central Montana. This export is under a five year agreement calling for total delivery of 50 billion cubic

feet; and as I said the other night, I have no doubt that at the expiration of the five years the export will be continued, as I hope it will be.

Westcoast Transmission Limited recently was granted an export permit by the Alberta government, and during June will be seeking approval of the Canadian government and the United States federal power commission to permit it to build a pipe line from the Peace river area of northern Alberta and British Columbia to cross the Rocky mountains in British Columbia and serve Canadian gas to interior communities of that province and Vancouver as well as Portland, Seattle and other communities in the United States Pacific northwest states. This plan is dependent upon export to an American market which would consume about 80 per cent of the Canadian gas carried by the pipe line. Vancouver and other Canadian cities could only absorb about 20 per cent of the gas to be transported. Five years after completion of the line it is anticipated that the annual demand will be 56 billion cubic feet, of which 44 billion cubic feet would have a United States market. The situation at the Pacific coast is comparable in some ways to Ontario. Vancouver's only hope for gas depends upon Canada's willingness to allow the bulk of the gas carried by the pipe line to go to the United States, and upon the willingness of the United States to accept Canadian gas in lieu of building a line from its own Texas and New Mexico gas fields.

Mr. Riley: On a point of order, Mr. Chairman, I would like to know what the hon. member is quoting from.

Mr. Murphy: My own speech, if you would like to know.

Mr. Riley: That is what I thought.

Mr. Murphy: Inasmuch as three years would be needed to construct a pipe line eastward from Alberta to Minneapolis or Ontario, this province still faces a very critical problem, and the Canadian government must take what steps it can to provide Ontario with United States gas at least during the interim period. The government therefore should support by direct representations to Washington the efforts of Consumers Gas and Union Gas, two Ontario companies, to obtain United States gas in a volume at least equal to the Canadian gas now going to Montana defence industry and that which we hope will be going to the markets of the Pacific northwest. We have 10 billion cubic feet a year going into the United States and, as I said the other night, only about 2½ billion cubic feet a year coming back into Canada from the United States, and that is coming in through Ontario. At the present time southern Ontario is now getting from the United States only about one-quarter of the volume of gas now moving from Alberta into Montana.

The disadvantage of a natural gas pipe line extending across Canada from Alberta to the eastern provinces, so far as the consumers of Ontario and Quebec are concerned, is that the cost of gas to eastern consumers would be somewhat higher than the cost of gas which might reach these markets from the United States. Speaking in terms of the volume of gas a single major pipe line could deliver, the difference in cost to Ontario as between United States and Alberta gas would be reckoned in millions of dollars yearly. The higher cost of Alberta gas would stem from the comparatively limited markets en route to eastern Canada, a distance of over 2,000 miles, and the nature of terrain and climate that would make construction and operating costs higher than for a line from mid-United States. The door to gas or oil exchange, in the best interests of the two countries, should not be closed, and every effort should be made at top government level to work out, to the greatest extent possible, an exchange of oil and gas that will bring the greatest possible benefits to the areas of production in the two countries, to the consumers in the two nations and to the economy as a whole.

I might say that the Alberta Liberal party is the principal opponent to any export of gas, and as a result the people of Canada can blame the Liberals in a considerable degree for the delay in making use of the gas resources of that province.

Mr. Riley: You are reading that too quickly.

Mr. Murphy: The trouble with this country is that the Liberals in one province do not ever get together with the federal Liberals to agree on anything. The Liberals in Alberta are completely opposed to gas export, and they are doing their utmost to keep gas from going out to any country. I would suggest that the Liberal party, to help the nation, should at least adopt a uniform policy on gas and should, if it is sincerely desirous of seeing the nation's economy grow, take some drastic steps. There is a pressing need for a decision. Do not close the door on a trans-Canada route. The main point is to get as much gas used as possible, and at as low a cost as possible.

In conclusion, Mr. Chairman, I am going to say without any hesitation, in spite of these pleasant interruptions from some of my good friends, that I am going to oppose the incorporation of this company.

Boundary Pipeline Corporation

Mr. Blackmore: In a general way Alberta is disposed to keep out of this controversy concerning pipe lines. As the member for Bow River has said, we rejoice that the great Creator has put these gas deposits in the area which has happened to be Alberta. We rejoice that these deposits have been discovered and are being developed in this particular generation in which we live. We are anxious that all the people of Canada should share in the good things that the Creator has given us. How best to share those good things I think we shall have to leave to the people outside of our province to argue until they finally come to a decision.

One thing that I have wondered about while I have listened to this controversy is whether or not the people throughout the country and the members of this house would not like to know something about how these gas and oil developments occurred in our particular generation, and what the principles are upon which the development has been based. In this way the people could form some sort of idea as to whether or not there is permanency in the industry, and whether or not there is a likelihood that there will be extensive developments in the days yet to come.

It seems to me that before we decide to grant a charter to too many companies we ought to give some thought to the problem of whether or not there is an adequate supply to justify the granting of so many charters as are being granted. After all, there is this aspect of the question: It is quite conceivable that some of those companies are asking for charters with no intention whatever of proceeding in a straightforward manner with the development or the delivery of gas and oil, but merely as a financial device to make a good deal of money out of the Canadian people through selling shares. Now, if any such motives should be actuating any of these companies, it seems to me that it would be the duty of this house to give some thought to the necessity of protecting the interests of the Canadian investing public.

I believe that it is quite in order that I spend a few minutes tonight giving the house an idea of how this wonderful oil development in Alberta took place. Oil and gas were in Alberta for generations, but had not been developed to any great extent until recent years. I do not wish to claim undue credit for the administration which is in Alberta at the present time, yet I do not see how any fair-minded Canadian could deny them a large measure of credit for the development which has taken place since 1935 when the Social Credit government assumed office.

The first thing that government did towards developing the industry was to set up a conservation board in 1938, and give it legal standing. The object of this was as follows. In the Turner valley there was a vast amount of gas escaping from over the oil that was in the chamber. This gas was burning with a brilliant flare which lighted the sky for hundreds of miles. This great flare was destroying the oil industry potential of Alberta at a rate which was positively appalling.

The setting up of this gas conservation board was a step designed to put out the fire that was burning that gas from on top of the oil, because it was realized that if the gas was sufficiently exhausted from above the oil in the chamber it would be impossible to get the oil to come up to the top. The oil would, therefore, lie in complete waste. This was an important measure. As soon as it was adopted every prospective company thinking of coming into Alberta realized that here were measures which would protect the oil productive potential of the fields if the fields were developed. I believe this had a very important moral effect in bringing companies into Alberta to try to find oil and develop it. In a short time the wastage of gas was discontinued as a result of the measures recommended by this board, and the wastage of oil through possible failure of recovery was discontinued. Oil production increased immediately. Again, this would have a moral effect on the companies who were thinking of coming into Alberta.

Now the next important step the administration took was this: They reduced the fees on leases for prospecting. Up to that time the government of Alberta had charged a high fee for the privilege of prospecting, which, to any ordinary individual, would be obviously absurd because certainly we did not want to penalize people who would come in and prospect for oil. We wanted as many people to come in to prospect as possible. Thus the reduction of the fee on prospecting leases was an important step.

The next important step was that after 1941 the government increased the royalty from oil production and placed it on a graduated scale from 5 per cent to 15 per cent. Instead of having a flat scale of royalties on oil brought out of the wells, the royalty charged would, after that move, depend on the productivity of the well, the cost of recovery,

proximity to markets and a number of other factors that would tend to affect seriously the prosperity or non-prosperity of the oil well. This, of course, is quite obviously another measure which would encourage companies from all over the continent to come into Alberta to prospect for oil. Also, to companies who wished to go into the matter on a rather large scale, an offer was made that if they desired to pay a 12½ per cent royalty on their gasoline up to 1951, they could have the privilege of recovering gasoline for a 12½ per cent royalty. This was a measure that had quite a good deal to do with the development of Alberta oil.

There exists throughout the country a fallacious notion that somehow or other this oil industry of Alberta descended from the sky. It was a "windfall", I think one of the Ottawa papers recklessly called it the other day. It was nothing of the kind.

Mr. Byrne: International finance.

Mr. Blackmore: It was the discovery of the means of using great resources which had lain there for generations. The discovery was made because of wise, carefully designed and calculated measures aimed at producing exactly the result that was produced.

Mr. Laing: Is that actually a good government out there?

Mr. Blackmore: The best answer I can think of is what the Saviour said, namely, "By their fruits ye shall know them!" Certainly the fruits, as far as oil is concerned, indicate that it is a mighty good government.

An hon. Member: I do not like oily fruit.

Mr. Laing: How did they get the oil in the ground?

Mr. Blackmore: The result of all these measures was that by 1948 there were over 60 different companies drilling for oil in over 100 different areas in Alberta, and they were spending $1 million a month trying to find oil. I will ask this question: Do you think you would be able to get 60 different companies, including the very strongest ones in America, to go into a province where the administration was unsound and where the advice adopted was unsound? Such men having tens of millions of dollars of financial reserves do not throw their money away.

Mr. Byrne: What would happen if Social Credit was not there?

An hon. Member: Do not keep us in suspense.

Mr. Blackmore: Another interesting comment on the development is given by Mr. John F. Fairlie, manager of the co-ordination and economics department of the Imperial Oil Company, speaking before the American Institute of Electrical Engineers, in Toronto, June 26, 1951. In his speech he estimated that the amount of money that was being spent on exploring, drilling and development with regard to oil in Alberta during 1951 would be roughly $200 million. Those are the fruits of Social Credit government, admitted by those who can judge.

Mr. Riley: They are going to find out in British Columbia, are they not?

Mr. Laing: One man made half of that.

Mr. Blackmore: The policy of the Social Credit government embraces five main considerations. I am now going to read from "They Belong to You", a document by Hon. N. E. Tanner who had the largest amount to do, I would say, with the formulation of the policy which resulted in the highly gratifying development of the oil industry. He was writing to the Alberta people about their oil resources in 1948.

Mr. Laing: Is he Social Credit?

Mr. Blackmore: Hon. N. E. Tanner said:

That policy—

The policy of the Social Credit government.

—"embodies five major points to which the government is committed and from which it will not deviate.

1. To take all reasonable steps necessary to encourage orderly development to meet the ever increasing demand for petroleum products and to make Canada less dependent on other countries for these essential products.

2. To insist that all development is carried on according to the best known engineering practices, thereby preventing waste and assuring the greatest ultimate recovery.

3. To establish prospecting and leasing regulations designed to effectively prevent monopoly, and encourage individual enterprise. Only by the existence of wholesome rivalry where free and competitive enterprise is carried on, can we expect to get the most active development.

4. To obtain for the people of the province as a whole, a fair share of the returns resulting from the production of oil.

5. To assure to the owner of surface rights fair and generous treatment in determining and awarding full and proper compensation for any loss, damage and inconvenience.

The soundness and fairness of this five-point policy will commend it, not only to those interested in oil development, but to the public as a whole."

If hon. members and the people throughout the country want to know why this spectacular development of oil in Alberta took place at this particular time, they can refer to that document.

Mr. Byrne: The fiscal policy of the Liberal government!

Mr. Blackmore: Mr. Chairman, the hon. member for Kootenay East is so eager to talk that I marvel he has not made a dozen speeches of his own already. He interferes with other people more than does almost anybody else I ever saw.

Mr. Nickle: Those on the government benches do not need Alberta gas; they are generating enough of their own.

Mr. Laing: Ten Tories in the house.

Mr. Knowles: One hundred and fifty Liberals absent.

Mr. Blackmore: The Alberta government, a Social Credit government, believes in private enterprise. The fact that it believes in private enterprise, and that the people of Alberta have shown that they believe in private enterprise, has had a great deal to do with the development of oil. I ask whether any man having a $1 million company in his charge would take his money in to invest in a province where the people had elected a government that had committed itself pretty well to robbing private enterprise of what it had.

The Chairman: Shall I call it nine o'clock?

Some hon. Members: Agreed.

Section stands.

Progress reported.

Mr. Deputy Speaker: The hour for private and public bills having expired, the house will resume consideration of the business which was interrupted at six o'clock.

SUPPLY

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

DEPARTMENT OF TRANSPORT

463. Departmental administration, $1,370,576.

Mr. Browne (St. John's West): Mr. Chairman, for a short while I was greatly puzzled to find the report of the Canadian National Telegraphs, but I believe I am right in stating that it is contained in the report of the Department of Transport under the division called telecommunications. The last item refers to:

Construction, maintenance, and operation of the government telegraph and telephone service.

I want to make a plea for the extension of telephone and telegraph service in Newfoundland. The minister is already aware of the recommendations which I have made in regard to the radiotelephone on Colinet island. The government accepted that idea and extended it to many other islands throughout Newfoundland. But it seems to me that on the mainland of Newfoundland there is, in isolated districts, a need for an extension of telephone or telegraph service. In the report of the department dealing with this subject, under the heading of "Telegraph and Telephone Service"—and I am speaking of the annual report for 1951—at page 150 I find the folowing:

The chief function of this service is to provide telegraph and telephone service in remote or sparsely populated sections of the country where, due to economic considerations, commercial companies are unable to operate. In addition technical and, in certain circumstances financial assistance is given to small rural telephone companies which are usually established on a co-operative non-profit basis.

Today we heard the minister state that in British Columbia the telephone business was being given up because it had extended beyond the capacity of the C.N.P. and was being taken over by a private company or was ready to be taken over by a private company if a private company was interested. I notice here reports from different provinces, where a similar service is being provided. The report states that, so far as Nova Scotia is concerned, in Cape Breton the work of improving existing circuits was continued with new construction for the year being confined to short extensions for new subscribers. It states that the various submarine cables along the coast line of this province gave reasonably reliable service, although several are in need of replacement owing to age, and plans in this connection were made for the next fiscal year.

Referring to New Brunswick, the report states that direct telephone service was established between the Point Sapin area and Richibucto and proved to be of considerable benefit to those concerned. The report goes on to say:

That radiotelephone link between Grand Manan Island in the Bay of Fundy and the mainland at St. George, N.B., the establishment of which had been undertaken during 1949-50, was put in commercial operation in March, 1951.

Then it states that—

The local submarine cables and landlines which serve the islands in the Grand Manan-Campobello area, suffered relatively few interruptions during the year and service was generally satisfactory.

Referring to Quebec the report states:

A long distance radiotelephone link was inaugurated between Grindstone, Magdalen Islands, and the mainland at North Head, Cape Breton. This made long distance telephone service available to the residents of the islands for the first time and was immediately put to extensive use.

And then this paragraph:

The expansion of the local distribution system on the islands was continued during the year but the demand for service continued to out-distance the enlargement program and there is still a substantial number of outstanding applications for telephones—as is the case today with the majority of telephone systems in the country.

I happened to be in the library before 9 o'clock, and came across the April issue of *Trade News*, published by the Department of Fisheries. On the first page there is an article with respect to Magdalen islands fisheries, in which appears this paragraph:

> The islander has a telephone, for which he pays $1 per month. The service was installed years ago by the federal government and last year was linked up with the mainland so that long distance calls are now possible. He has a battery radio and the federal Department of Transport operates a wireless station.

There are many places in Newfoundland, especially in the riding I have the honour to represent, which have no rail communication, and no steamship service. They have nothing supplied by the Department of Transport, except in some places along the route where there may be a telephone or perhaps a telegraph station. But there are many persons who would like to be subscribers to a telephone system.

I understand that this year the Canadian National Telegraphs is making provision to have its lines extended. I hope it will be able to extend them throughout that riding, because there are roads and I believe it would not be very difficult to arrange for the erection of poles, in the light of the fact that there is plenty of lumber in the neighbourhood. All that would be necessary would be to string wires.

There is one point about the telephone system now there which, I think, is worthy of mention, and that is that it is not very private. Sometimes there may be 15 or 20 telephones on one circuit. When one goes to the telephone he will hear several clicking sounds. I do not know if that is the experience in other parts of Canada, but it is a known fact in my riding that other people can listen in to conversations. I do not know just how far that condition can be eliminated.

However, the chief point is that in these isolated places there should be some means of communication. In this modern age of telephone and radio it seems to me that those isolated places that can never hope to benefit from most of the amenities found in the cities should have at least the advantage of communications of that kind.

I am glad to see that the service is being extended to the Magdalen islands, because they are near Newfoundland. In their isolated position out in the gulf I am sure this extension must be a great comfort to them. If the minister is responsible for the extension, I am sure he deserves congratulations and gratitude.

I hope the minister will be able to answer the questions I have asked with regard to the progress that has been made in connection with the steamer to be built to give a service across the gulf. I should like to know if the contract has actually been let for the two boats to be added to the coastal service. And, if the minister is in the right frame of mind, perhaps he would be able to answer the question I asked yesterday regarding the progress that has been made in connection with the construction of radiotelephone apparatus to be used on the islands of Newfoundland.

Mr. Graydon: Mr. Chairman, in the estimates of the Department of Transport the railway grade crossing fund is entered, of course, as a statutory item. I am taking this opportunity, in the discussion on the general item, to say a few words in connection with matters general and matters local with respect to this fund.

I suppose that throughout the years there has been greater interest shown in the safety factors of the grade crossing fund than in almost any other feature connected with highways and railways in Canada. I think it has become apparent that the perfect protection at the intersection of a busy highway and a railway is that of the subway or what is technically known as the grade separation. There are other means of protection, and I have no desire to reflect upon their usefulness or utility. I do say however, and I believe the committee will agree, that the grade separation provides protection in its final and most perfect form.

As the minister and the committee will recall, in 1950 there was an amendment to the Railway Act extending the possible maximum contributions in respect of the grade crossing fund from $100,000 for any single work up to $150,000. This of course brings one back to the historical background of the fund. In 1909 it was instituted. Under the provisions of the statute of that year 20 per cent of the total was set as the maximum the federal government would pay.

In 1919 a change was made through a statutory amendment whereby 25 per cent of the value of any work was set as the maximum, with a total value of $15,000 as the top level. In 1926 a further change was made, with 40 per cent as the maximum federal contribution, and a dollar value ceiling of $25,000 for any one work. It was further changed in 1928 to $100,000 as a maximum, with the percentage increase left as it was.

Then we come to 1950 when there was an amendment to increase the maximum amount from the federal treasury to $150,000. One of the interesting features is that from 1909 until now—and I think my

figures are correct—around $14 million has been paid out of the grade crossing fund and the federal treasury for this purpose. This means that those who would contribute under the scheme, including the railways, the provinces, municipalities and the federal fund have paid something like $55 million toward the elimination of dangerous level railway crossings. When the fund was first set up there were several objectives and purposes in mind, the most important being public safety, and then there was a matter of public convenience. These matters, concerned legislators at that time and influenced their decision with respect to the measure. Consideration was also given to the rapidity of movement both by rail and by highway and it was realized that grade separations permitted this movement in a way no other method would.

It is interesting to study the statistics in connection with accidents at railroad and highway intersections. Of course the great majority of accidents occur at crossings which are unprotected, but a rather startling fact is that a considerable percentage of accidents occur at crossings where protective devices such as gates, automatic signals, bells, wigwags, flashing lights or even watchmen are to be found.

One reason why I raise this is the fact that in 1909 we had in Canada roughly 5,000 automotive vehicles whereas today we have just about 2,500,000 rubber-tired vehicles. That means that for every one vehicle using the roads at that time there are today five hundred vehicles, travelling at speeds greatly increased from the speeds of those days. No matter how far we have gone in providing protection at intersections, and we have gone a considerable distance, I think it is generally realized that protection has not kept pace with the needs which have arisen by virtue of the greatly increased traffic and the greatly accelerated speed at which it travels.

The problem has become most acute in many areas such as my own constituency of Peel. The population of that county has increased from 28,000 in 1931 to just about 56,000 today. In the south end of the county there is practically a city of over 30,000 people known as Toronto township. The problem with respect to intersections has become most serious in that particular area. In previous days the railroads were running almost entirely through countryside whereas today they are running through densely-peopled urban localities. All this has greatly exaggerated the problem that must be faced.

There are several very dangerous crossings in the county I represent which call seriously for attention and no doubt there are similar dangerous crossings in many other constituencies across Canada. One particular crossing is where the Canadian Pacific main line intersects the Dundas highway just east of Cooksville. Both the highway and the railroad carry heavy traffic. Not only is this a dangerous crossing; in addition great inconvenience is caused to the travelling public every few minutes throughout the day and night.

There is another intersection in the county over which there has been a good deal of controversy. I feel that I should bring this to the attention of the committee. The Canadian National line from Toronto to Hamilton runs through the south end of the county. The Toronto, Hamilton and Buffalo division of the Canadian Pacific has running rights over this line. I imagine that it is about the busiest railroad line with the greatest frequency of traffic to be found in the entire dominion. Crossing this line at the northern limits of Port Credit is highway No. 10 which is also one of the busiest thoroughfares in the province.

The combination creates a problem which is of great concern to the people in that section. Hon. members will be interested to know that this crossing is protected by flashing signals, wigwags, gates, bells and a watchman. While there have been no fatal accidents in recent years, there was one within the last six years even with protective devices. From the standpoint of public convenience and the avoidance of delay, as well as consideration for public safety, this intersection creates a problem which calls for immediate attention.

When a subway was first proposed in 1910 the estimated cost was about $26,000. Within ten years, in 1920, the estimated cost is said to have risen to as high as $83,000. I am not able to give the present estimated cost of a subway nor do I think anyone else has the figure in any accurate detail, but the indication is that with applications cited by the C.N.R. as having been made in 1910, 1920, 1931, 1935, and the recent application which has been turned down by the Canadian National Railways, the matter of a subway is becoming and will become a much more expensive matter and of greater concern to those who would be making a contribution toward its cost. The longer it stands the greater the cost.

The municipalities concerned have asked the Canadian National to enter into negotiations with respect to the building of a subway at that point. Only the other day a letter was received by the municipality from Canadian National Railways saying that the railway was of course opposing it and would not enter into negotiations of that kind. In addition,

the railway had made a count of the traffic, and according to their figures 10,000 automobiles and trucks crossed over that intersection inside of forty-eight hours. There were also 187 trains which went by and 89 switchings with all the inconvenience and delay such a procedure normally causes. Of course these figures are disputed by those who are convinced that they know better than the railways what the real situation is. They want another count. They also want to know how long traffic is held up and the number of vehicles that are affected by these delays from time to time. The Port Credit *Weekly*, which is a very reputable newspaper with one of the widest and most influential lists of subscribers of any comparable area in Canada, has this to say:

> In this report the Canadian National Railways said there were 89 switchings during the 48-hour period. We didn't see any statement of how long traffic was tied up by the switchings or the number of vehicles delayed by trains across the roadway. We would suggest that the railway or somebody vitally interested in the project take another count from this standpoint. We have seen cars lined up for blocks at this crossing not for a few minutes but in some cases for as long as a quarter of an hour.

Feeling is running strong, and when I say it is running strong I am very moderate in the term I use. The situation has reached a point where I felt I ought to bring the matter to the floor of the house because there is such frustration in the minds of so many of those in the area. I want to say to the minister and to the committee that I do not think Canadian National Railways should have brushed off such a reasonable proposal as was made on that occasion. I express the hope that the matter will be pursued by the municipalities and the provincial highway department so that the board of transport commissioners will have the opportunity at as early a date as possible to make a thorough inquiry and to deliver a judgment giving us our subway on what we hope will be equitable terms. I only rose on this occasion because I am so impressed with the seriousness of the traffic and safety situation at that point.

Mr. Wright: There are two matters I should like to bring to the attention of the minister at this time. Earlier today we passed Bill No. 192 which provides for the construction of a branch line of the Canadian National Railways from Terrace to Kitimat in British Columbia. Last session we passed a bill providing for the construction of a branch line of Canadian National Railways from Sherridon to Lynn Lake in Manitoba, a distance of some 150 miles.

Mr. Chevrier: I think I can see what is coming.

Mr. Wright: These two branch lines are to be built to develop known natural resources of the dominion and the house consented unanimously to the passage of the bills providing for railway extensions to develop known mineral resources which should be developed. A few years ago we passed a private bill granting a charter to a private company to build a railway line from seaboard into northern Quebec and Labrador for the development of the great iron ore resources there. Some of us on this side would have liked to see that development undertaken by Canadian National Railways, but although we objected to the method we agreed that the line should be built.

I want to point out to the minister that there is a known agricultural resource in the northeastern part of Saskatchewan and northwestern part of Manitoba which cannot be developed further until such time as there is an extension of the present railway lines in this area. Some twenty-five years ago two railway branch lines were built, one from Melfort to Carrot River and the other from Reserve Junction to Arborfield. When these branch lines were constructed it was expected by the people who had settled there and were living in the area—in fact it was stated by the railway at that time—that the lines would be continued through to The Pas in Manitoba to connect with the Hudson Bay Railway. Unfortunately just about the time the lines should have been extended the war broke out and for over five years we were so busily engaged that extensions of railway lines were forgotten.

I point out now that seven years after the last war the lines are still at the point to which they were built some twenty-five years ago. Since that time settlement has extended some forty to fifty miles to the east from this area. Immediately after the war hundreds of returned men settled there under the Veterans Land Act, many of them being from thirty to fifty miles from the closest railway point. I do not know whether members realize just what that means, but the cost of hauling grain to railhead runs from half a cent a mile per bushel to a cent a mile per bushel. When you try to develop land forty miles from the railhead it means that it costs you 20 cents a bushel to deliver every bushel of grain to your closest delivery point.

On the other hand, once the grain has reached that point it is hauled from there to the head of the lakes, and in the case of Arborfield and Carrot River the cost is 24 cents a hundred or 16 cents a bushel. The grain is hauled approximately 1,000 miles for 16 cents a bushel while it costs the producer who is growing the grain forty miles from the railhead 20 cents a bushel at the

lowest estimate to deliver it to the railhead. That simply means that development cannot take place. It means that the people who have settled in the area under the Veterans Land Act and those who have settled there privately have a handicap which I think Canadian National Railways should do something about. It simply means the extension of these lines, and if the railway is not prepared to extend them right through to The Pas at the present time they should at least be extended for another forty or fifty miles to give an outlet to the many settlers in the area. They were promised that when they settled there.

The good land in the area is not confined to the forty or fifty miles that are settled but extends right through to The Pas in Manitoba. If these lines were extended it would mean the development of up to a million acres of new land which cannot be brought under cultivation under present conditions. Therefore I urge the minister to use his influence to see that at the earliest possible date some immediate consideration is given to the extension of these lines. They will pay for themselves. The traffic will be sufficient to justify the expense just as I am sure the traffic over the branch lines which are under construction into mining areas at the present time will justify the expense in building them.

I do not know whether the department or the railways have made a survey, or whether they have any statistics; but the history of the west has shown that when these lines are extended they pay dividends. They transport new agricultural products to the head of the lakes and other parts of Canada, and they bring in a great deal of equipment the new settlers must have in order to carry on production. So I think it is good business that we in Canada should be developing these new areas at this time.

I expect the minister will guess the other matter I wanted to bring to his attention; that is, the port of Churchill and the extension of the season there. I think the time has come when it is quite feasible to extend that season for at least another two weeks in the fall. Last year we had the largest movement of grain out of Churchill to date, and I have seen indications that the number of vessels coming there is expected to be larger this year than ever before. If the season is extended I am sure the number of vessels can be greatly increased, and the port and railway made to pay. Sometimes hon. members think a lot of money is invested there, but I would point out that this government has invested more in defence works at Churchill in the last ten years than the entire cost of the railway and port development. If we can spend those amounts for defence—and I think they were necessary—surely we can also spend the amount necessary to develop that port, extend the season and make it a success.

Mr. Fair: I am not going to make a long speech this evening, but I do want to support the two projects mentioned by the hon. member who has just taken his seat. I have been in northern Saskatchewan and discussed this matter with some of the farmers and businessmen there, and I do know the necessity of making greater use of the port of Churchill.

I also want to support the plea made this afternoon by the hon. member for Bow River that trucks be given a squarer deal than is in prospect for them at the present time if the claims of the railways should get very far. No one argues that the railways do not have their proper place in the economy of the country, but neither should anyone argue that the trucks do not also have their place in the country's business. As was pointed out this afternoon by the hon. member, the trucks showed their usefulness a year ago last August and September when the railway people went on strike. At that time they kept the economy of the country rolling; they kept people from being deprived of their food, and I am sure proved their worth. These agreed charges, if put into effect—as I hope they will not be—would deprive thousands of truckers of a living, and perhaps at a later date would prove a great mistake for the country. Trucks have their place and I hope the minister will see to it that they are given the right to carry on as they have done in the past.

Speaking of the agreed charges leads me to another matter, which was brought up by the hon. member for Peace River. That is the increase in transcontinental rates, which bear very heavily upon my province in particular. I hope the minister will see to these matters and give them the consideration to which they are entitled, in the interests of the prairie provinces.

Mr. Dinsdale: I want to speak briefly on two matters in this general discussion on the Department of Transport estimates. The first has been mentioned already by the two previous speakers, and I realize it is a perennial topic even though this is the first time I have discussed it in the house. I am attracted to the subject because I note in the estimates an increased deficit payment this year with respect to the operation of the Hudson Bay railway. I find that rather difficult to understand in view of the expansion that has taken place in the west and the buoyancy of the Canadian economy in general. Because of its importance I think this topic can stand much repetition. I am rapidly discovering that with respect to even

major projects it is necessary to become somewhat repetitious if they are to be eventually achieved. I am also reminded of the old adage that it is the noisy wheel that gets the most grease. We who represent the prairie provinces, who are a relative minority, are looking to the day when there will be an equalization of opportunity right across Canada, particularly in reference to economic matters.

In addition to the query that comes to mind as a result of the increase in the deficit payment as indicated in the estimates, I mention this topic because of the realization that Manitoba and the prairie provinces generally are gradually coming into their own, and they are winning the struggle with a minimum of outside assistance. They used to pull the legs of westerners a few years ago, and perhaps they still do, by saying that all wise men come from the east. The westerner who was on his toes would immediately reply, "That is true, and the wiser he is the faster he comes." But obviously that has not been the case, because the prairies have been suffering a decline in population which has been highlighted by the current discussions on redistribution. However, we are gradually making progress in this uphill struggle against vested interests and prejudice. We are getting there slowly!

This was pointed up rather dramatically the other day, so much so that according to comments in Manitoba newspapers even our own citizens did not quite accept the statement at face value, when the hon. member for Churchill made the claim that in the not too far distant future northern Manitoba would become the nickel capital of the world. He went on to say, and this was news to me, that we have four potential Sudburys in the vast area of northern Manitoba which at present is little more than a wilderness. That was news even to Manitobans, and I am sure it was rather startling information for members of the house.

A further reason I bring up this topic is that the success of the Hudson Bay railway and port is very closely connected with the realization of those potentialities which were outlined by the hon. member for Churchill. Then, too, last July it was my privilege to join the Manitoba government in an excursion. The "Northern Light" excursion up to the port of Churchill was my first contact with that part of our province. We visited the well known mining developments at Flin Flon, Snow Lake and had a chance to see first hand the development taking place at Lynn Lake. I was quite amazed to see the promise for the future, and also the realization of the present in these mining developments.

Another aspect of the future of northern Manitoba that appealed to me was the possibility in the tourist trade. Actually, the excursion undertaken by the members of the Manitoba government was in connection with the opening of the highway to Flin Flon. This means that road transportation is available fairly well up into the northern part of our province. With the opening of the highway we now have good road connections all the way from the peace garden on the international boundary—about which we have heard earlier in our discussions in this house—through Manitoba's national park, Clear lake, right through to The Pas and Flin Flon. Each one of these parts of Manitoba offers a major tourist attraction which is only now being realized by that great source of tourists, our neighbours south of the border.

Both The Pas and Flin Flon have been very enterprising in this regard. The Pas has its annual trappers' festival which is becoming well known across Canada, and last summer Flin Flon observed its first trout festival. This festival drew a good number of United States tourists who took part in the special festivities, and the venture was so successful it is to be repeated and enlarged this year.

The Chairman: Do tourist matters come under this department?

Mr. Dinsdale: I was going to say, Mr. Chairman, that I believe that is one of the reasons why the Hudson Bay railway is of tremendous importance, not only to Manitoba but to all parts of Canada, for the railway carries the tourists right through to Churchill with its historic sites, beluga industry pioneered by the hon. member for Dauphin, and many other attractions. Another reason for its importance is the military developments taking place at port Churchill. I was quite amazed to find the extent of this development. There had been rumours of activity in that area, but because of the necessary demands of security, we had not heard too many details. It amazed me that, even though we were only able to look at it from the outside, the obvious development has not provided more revenue for the operations of the Hudson Bay railway.

I go on to state other reasons for introducing this subject tonight. It is tied up, of course, with the whole matter of the decentralization of industry about which we have heard repeatedly from western and maritime members. It is tied up also with the necessity for developing power projects which lie in

great potential on the Nelson river. For example, the Nelson river alone, I am told, has a potential power source of some 2,500,000 horsepower.

My chief reason for introducing this topic tonight by way of general discussion as I have said is to inquire concerning the deficit on this railway which has increased by $75,000 during the past year. Admittedly, the development of the Hudson bay trade route has been slow. It goes all the way back to the Selkirk settlers in 1813. The difficulties in this development have been discussed many times in this chamber, such as the problem of vested interests and the difficulty of breaking the trends that have been under way in this country for a good many decades. There is the difficulty with insurance rates, discrimination in freight rates, and the perennial matter of diversion charges, all of which have been raised in discussion. Then, too, there has not been as much interest as might be expected when we make an objective appraisal of the possibilities of the Hudson bay route. Excellent work has been done by the Hudson Bay Railway Association, but still we have the myth of the frozen north deeply implanted even in the minds of the people of southern Manitoba. This myth must disappear when we see the tremendous industrial developments that are taking place in northern Russia, a geographical area similar to our own northern regions. These are developments we must parallel if we are to keep pace in the struggle between east and west which is only too apparent at the moment.

It might be of interest to the members to know that there are 800 people living at port Churchill at the present time. This is an increase from 40 over a period of twenty years, and does not include the military personnel resident in that area. With all these developments I say we should be approaching the position where the operation of the railway becomes profitable, particularly in the special circumstances that arose in connection with marketing last year's wheat crop. Instead of that, we find an increased deficit. It seems to me, Mr. Chairman, that the problem can only be solved on an export and import basis. An increase in export and import activity through the port facilities should be a relatively easy matter if Canada's economy is expanding as rapidly as so often claimed by the members of the government. I am told that if we were able to export 15 million bushels of wheat through the port of Churchill, for example, the port would pay for itself and there would be no necessity for the annual inclusion of the amount in the estimates to pay for the deficit.

[Mr. Dinsdale.]

The export side of the solution, of course, would include the use of the port for carrying commodities other than wheat, and those commodities are well known to those concerned most with our export problems. On the import side, it would appear that the present difficulties we are facing in regard to the export of our agricultural products would be entirely solved with the increased use of the port. The route to Great Britain is shorter by some 1,200 miles, and we seemingly are moving in the direction of closer trade relations with Great Britain because of the lack of other markets. By drumming up a "buy British" campaign, I feel that the deficit problem could be easily overcome, Britain taking our agricultural products in exchange for her manufactured articles.

The final and ultimate reason for bringing this matter to the attention of the minister is because, in the circumstances now prevailing, the solution is largely in the hands of the government. On reading over previous discussions on this topic, I find that the minister has always expressed a sympathetic interest in and an understanding viewpoint with respect to this problem. For example, last spring when the topic of diversion charges—an exceedingly difficult one—was raised by certain prairie members in the house, the promise was then given that this discriminatory matter would be given some attention and that some solution would be attempted. It would seem that that problem still has not been overcome. Those who export grain through port Churchill still find it necessary to pay a certain diversion charge to the grain outlets in the east in payment for facilities that they do not use. That is a rather remarkable state of affairs, to say the least.

Also, on reading over previous debates, I find that the house, along with the people of Canada generally, has manifested an interest in the greater use of the port. In 1946, when a resolution was introduced suggesting that greater use be made of port Churchill, all members of the house voted overwhelmingly in favour of that resolution. That was back in 1946. You can therefore see, Mr. Chairman, that by gradually wearing down the rock of inertia, eventually these excellent port facilities will come into their own, particularly as Manitoba and the other prairie provinces overcome the handicap that has long been theirs with regard to diversified economic activity.

In concluding my remarks on this subject, may I say again that because of the fact that the harbour board, the wheat board, the C.N.R. and the board of transport commissioners actually have the full control over

the use of the facilities of the port, the solution largely rests in the hands of the government. I think it is right to expect that the situation which has existed since the opening of the port will be overcome and that instead of there being a deficit we shall find the export-import activities through port Churchill realizing a handsome surplus and making a major contribution to the development of our total Canadian economy.

The other matter with which I wish to deal is strictly a local one, but this seems to be the occasion on which to present it. It relates to the necessity for a new administration building at the municipal airport at Brandon, Manitoba. This airport was taken over from the air force after the commonwealth air training scheme was closed down following world war II. Since that time it has been operated by the city of Brandon. The activities have been carried on in the temporary building that was left standing by the air force.

There are three major phases of those activities. One is the flying club which engages in the typical activities of a flying club, as well as making a contribution to the training of army personnel, particularly pilots of light observation aircraft.

I should point out that the manager of our flying club is a highly competent individual by the name of Mr. Ed. McGill, a former flight commander from the well-known 418, City of Edmonton squadron, which made for itself such an excellent reputation in intruder activities over the continent during the war. Mr. McGill is responsible for this army training activity. While I am on the subject of flying clubs, may I say that it was during my maiden speech that I first expressed our interest in the opportunity to take part in the Chipmunk training scheme. As yet that opportunity has not been afforded. We have a large group of reserve pilots who are most anxious to keep up their flying skills so that they might be prepared, as much as possible, for any military emergency. The flying club is just one part of the activities at the airport. We have Brandon Air Services which operates chartered flights, and assists local businessmen in getting around the area. It has also made emergency flights during the winter, bringing people from the surrounding rural area to hospitals when the highways are closed. Brandon Air Services has become an important part of the activities at the Brandon airport.

Finally, we have coming in daily T.C.A. flights which also make use of the airdrome facilities. Unfortunately, the temporary administration building is gradually collapsing, as would be expected. The matter has been brought to the attention of the Department of Transport officials, and although no provision is made this year, I bring the matter to the attention of the minister as a situation requiring some action in the near future.

Mr. Herridge: Mr. Chairman, I wish to bring to the attention of the minister certain needs in the country which I love, the country in which I have grown up and which I now represent. I refer to the constituency of Kootenay West. I might say, Mr. Chairman, that I am quite sure that in what I have to say this evening I shall receive the support of all parties. I am quite sure that the hon. member for Vancouver-Quadra will support everything that I have to say this evening, and I am quite sure the hon. member for Skeena will do the same. As a matter of fact, Mr. Chairman, you have in this chamber three Kootenay boys who grew up in that country at the same time. I happen to live there still, but I never go anywhere without being asked, "How is Howard getting on?" or "Is Teddy still as bad a boy as ever?"

Before I make a few requests, I want to try briefly to impress the minister with the importance of the district which I represent. I might say that when I first came to Ottawa in 1945 I had occasion to speak to the minister about a matter concerning the Arrow lakes, and I was positively appalled when the minister said, "Where are the Arrow lakes?" That day is past. The Arrow lakes are known throughout the whole of North America because of the great developments that are taking place at this time.

In my constituency, Mr. Chairman, over $30 million is being spent for the construction of a power dam and a power plant. Over $5 million has been spent recently on the construction of a power line from Trail to Kimberley and the Riondel mine, including a two-mile overhead cable across Kootenay lake. I understand it is the longest one in the world. In addition to that, Consolidated Mining and Smelting Company are spending over $30 million in extensions to their plant. The mining industry is spending, this year or next year, $10 million in further development. There is now under consideration, and almost at the point of commencement, the construction of a $65 million pulp mill. In addition to that, the joint international commission has been making surveys in the Columbia river basin since 1946 and has been spending an average of some $150,000 a year on those investigations with a view to finding suitable locations for dams on the Columbia river. Already they have found a site above Revelstoke; this will mean the building of a dam over 500 feet high and

equal in size to the Boulder dam. In addition to that, owing to the necessity to feed the increased population, there will be a rapid extension of the farming industry in the area.

I make these few observations in an effort to impress the minister with the importance of the area I represent to the Canadian economy at this time. I know the minister is fully aware of the fact that one of the most important defence industries in Canada is located in the riding of Kootenay West. I find that under the new procedure now established, Mr. Chairman, I have to make what might be termed a Mulligan speech. I have to put everything together under this first item, and then trust to the Lord that I will receive answers later.

Anyway, I do wish to bring to the minister's attention the situation with respect to the Castlegar airport, which he knows so well, and which is owned jointly by the city of Nelson and the villages of Castlegar and Kinnaird. It is a very worthy co-operative municipal effort. That joint effort has produced a first class airport at the junction of the Columbia and Kootenay rivers, on a large portion of land formerly owned by the Doukhobors. Last year the airport committee, representing the municipalities, asked for a grant of $25,000 for paving and surfacing, and a further grant of $10,000. They received a total of $35,000 from the minister's department, for which they wish me to say they are most grateful. The money was carefully spent, and a great deal of work was done for that $35,000.

However, they still have considerable paving to do, and they have asked the minister for a further grant of $50,000. When I hear these other grants to airports I realize that that is not a large sum. I have always been somewhat timid in asking for grants of money; but I find that the longer I come to Ottawa the less timid I become. I will say that this airport is of tremendous importance to the southern interior of British Columbia. It serves a district 100 miles to the north of the Arrow lakes, between 30 and 40 miles to the west, from 75 to 80 miles to the east; it is the meeting place of the Kootenay and the Columbia, and the crossroads of the railways. This district serves a large area, and is most important from that point of view.

On those grounds alone I would support the application. Secondly, owing to the immense industrial development in the area, there is a heavy passenger traffic coming from points on the coast, including Seattle, and from Calgary and Edmonton, into our area. As a matter of fact I might point out here that my constituents would welcome a visit from the minister. I do not think he has ever visited that portion of British Columbia. Most of the ministers travel along the main line, go as far as Vancouver, make one speech and then return. But my people would welcome more visits from members of the cabinet. I am sure if they took time to visit the Kootenay country they would have their eyes opened, and there would be the possibility of their emigrating to that district.

In addition to that, this is a most important defence area. Therefore I hope the minister will give further consideration to this request from the Castlegar airport committee for a grant of $50,000. This amount is necessary, and I know the money will be spent carefully. The minister's department could not spend $50,000 to greater advantage, for the number of people concerned, than by giving a grant to the Castlegar airport committee.

I have other airport questions to bring up which, although on a smaller scale, are important. It is obvious that in mountainous areas places for aircraft to land are very necessary. The city of Nelson has made excellent efforts in recent years to build a small airport for light aircraft on the waterfront between the north arm of Kootenay lake and the city boundary. The city has used excess dirt from cuts and dumped it into the proposed airport location. Complete plans are drawn. I understand officials of the minister's department have approved the plans as being acceptable for a landing field for light aircraft, and have advised the city council with regard to the development.

When I was last talking to the mayor he said that he appreciated very much the co-operation and advice they had received from the minister's officials. This, of course, is on a much smaller scale than the matter to which I referred earlier; but a landing place at Nelson for light planes is necessary, to facilitate flying back and forth from local and other points. It is necessary because of the development of the survey services, because of the needs of the forest service in British Columbia, because of the development of the tourist traffic, and because of the non-scheduled flights serving the local residents of such points as Creston, Cranbrook, Trail, Grand Forks and other places. The Nelson city council are not asking for a great deal. Even a small grant would be very welcome to assist them in the completion of this important airport to be used by small planes.

While I am on the topic of airports I shall wander farther afield. I know the hon. member for Kamloops is here this evening,

and will be speaking. However, the mayor of Revelstoke has asked me to support the hon. member for Kamloops in his effort to obtain a grant of $5,000 for a municipal airport at Revelstoke. I know the hon. member for Kamloops has been working on this for some time and has been doing all he can to obtain a grant for the airport at this point. I wish to support his efforts in this connection. The airport is necessary because of the increased logging operations and the development of the pulp and paper industry which has necessitated the landing of aircraft carrying survey crews and workmen from the north Columbia area who would take part in general logging operations.

This small airport has become of particular importance because of the proposed pulp and paper development in the Columbia river basin. One realizes how great this development is when it is pointed out that the licence for the company will extend over an area with an average width of 50 miles and 300 miles in length, from which there will be cut in perpetuity over 200 million feet of lumber a year. I offer my support of the hon. member for Kamloops at the request of the mayor of Revelstoke, and other persons in that city. This small airport is another link in the chain of small airports necessary to the interior of British Columbia, if our industrial activity is to be serviced adequately with the type of plane required to go up the mountain gorges to survey timber limits, to carry men to isolated locations, and so on. I trust the minister will give further consideration to this request.

Now I change my tune. I brought this subject up on several occasions, but thus far without results. In the interior of British Columbia we suffer from very poor radio reception in certain areas. We can hear Canadian stations fairly well during daytime hours; but once darkness falls and the sun goes behind the mountains it is impossible to hear anything but American stations. I am one who, like many others in my constituency, would like to hear the C.B.C. news, and would like to have an opportunity to hear the minister when he makes an occasional address over the radio. However, it is impossible for us to do that now because we cannot bring in Canadian stations after nightfall. This condition prevails throughout the greater part of the Arrow lakes area, the greater part of the Kootenay lakes and of East Kootenay. I do hope that something more will be done to see that these people have better radio reception.

I wish particularly to refer to radio interference, a subject that has been mentioned before. I have taken it up with the department throughout the years, and many of my constituents have written the department, the inspectors, and officials in charge at Vancouver. I suppose they have been doing their best. They come in with their cars or trucks and make investigations with their instruments, of which I have little knowledge. I have very little mechanical ability except perhaps to oil a wheelbarrow. As I say, they have done their best to locate the causes of this interference but without much success to date.

I suggest to the minister that it is not a good policy for the Department of Transport, radio division, to drive into a small community with a small truck marked "Department of Transport, radio division." When that happens many people who have small motors and other gadgets without the necessary attachments to stop interference shut them down until they are told the inspectors have left the village. I suggest that these inspections should be made without unnecessary advertising.

I am also of the opinion that the inspectors have far too much to do. I understand there is an inspector located at Kelowna who handles all the interior of British Columbia. That is far too much for one inspector to handle. It means that he can make only infrequent visits to the smaller communities. I suggest to the minister that he give consideration to increasing the number of inspectors in the radio division in British Columbia, particularly in the area which I represent. Also something more should be done to detect the causes of this radio interference. Some regulation should be enacted to require people who are causing interference to get the proper appliances to eliminate that interference.

I know of the inconvenience caused by this interference from personal experience. My own ranch is six miles from my nearest neighbour on the one side and twelve miles on the other. There are no roads and therefore I must travel by launch or steamer. Like many others in the area I depend a great deal on the radio for outside information and entertainment. The men going into the back woods with their families to do logging work, the men working in the mines back in the hills, the men who are trapping or prospecting, the farmers in small communities along the lakeside within my constituency, all these people are entitled to just as good reception as that prevailing in the urban areas. They pay the radio licence fee and I think every effort should be made to provide proper reception for these people who are willing to go into isolated places to provide the production so necessary to our country.

There is another matter which I have mentioned on several occasions in the house, the Arrow lakes steamship service. I think by this time the minister knows where the Arrow lakes are. It is most necessary that this steamer service be continued during the transition period. I suggest that the provincial government has some responsibility and that this steamer service should be kept operating as a result of financial co-operation between the provincial and federal governments.

As I have said before, if the Canadian Pacific Railway would only advertise the beauty of the route over which these steamers sail I am sure that they would be loaded to capacity during the summer months and well into the fall. The steamer operating on the Arrow lakes is called the *Minto* and the one operating on the Kootenay lake is called the *Moyia*. I understand that these vessels were built in 1898 and they are two of a rapidly dwindling fleet of stern-wheelers and I am sure many people would be interested in the romantic experience of sailing on these ships. I bring this matter again to the minister's attention because it is most important with the developments that are going on at the present time that these steamers be kept running. I think that there should be co-operation between the provincial and federal government in connection with this steamer operation until the needs of the area are met by some other means of transportation. That is all I have to say this evening and I trust I have impressed the minister.

Mr. Black (Cumberland): Mr. Chairman, I do not intend to take up much of the time of the committee, but I should like to discuss one matter which is of great interest to my part of the country. It has been agreed that the minister should make a general statement, then hon. members would bring up matters in which they are interested, and the minister would reply. In view of the many requests made by the hon. member for Vancouver-Quadra and the interesting and constructive requests made by other members, I am sure that many will get lost before the minister replies. Personally I think the old practice was the best where one item was taken up at a time and disposed of.

Mr. McLure: We can still do that.

Mr. Black (Cumberland): The Department of Transport is a most important department having to do with transportation by land, sea and air. It is especially important to Nova Scotia and the maritimes. As I have said before, we would never have entered confederation if it had not been for the advantages we expected to receive by way of improved transportation facilities. Heretofore the railroads have used a large percentage of the coal produced in Cumberland and Pictou counties, perhaps a greater percentage of the production than that of any other section of Canada. I brought this matter to the minister's attention when the motion to set up the committee on railways and shipping was before the house.

This matter was discussed in the committee by the president of the Canadian National Railways. I appreciate the effort made by the hon. member for Cape Breton South, but I am not satisfied with the replies of the president of the Canadian National Railways. I feel that it is the duty of the Minister of Transport and the government to see that the rights of the coal miners in Nova Scotia are not prejudiced by the increased use of oil to operate these locomotives. From the information I have received more diesel engines are being used in the maritime provinces than even in central Canada. It has reached such a state that diesel locomotives are being used to move coal from Springhill and other coal-mining sections in Nova Scotia to be used for industrial purposes in Nova Scotia. I appeal to the minister and the government to see that the rights of the coal miners in Nova Scotia are not prejudiced by the introduction of diesel locomotives, even though they mean a small saving.

The Canadian National Railways own many locomotives which could be used for years to come. These locomotives should be used in the maritime provinces. They should be operated as coal burning locomotives and diesel engines should not be used.

There is another matter that is creating some uneasiness in my part of Nova Scotia, and that is the threatened closing of some of the railway stations. From a purely economic standpoint there may be some slight saving to be made by closing these stations but I say it is a right of the people who live in these communities to have these stations. They have been open to them ever since the railway was constructed seventy or eighty years ago, and the management of the railway has no right to issue orders that these railway stations be closed. I know they have to get the permission of the board of transport commissioners but the matter should not be dealt with purely from the point of view of economy.

The people in my constituency and in Nova Scotia generally have had these rights ever since the construction of the Canadian National Railways years ago. I appreciate the response I have had from the minister to

the representations I have made as the member for Cumberland on behalf of the municipality of Cumberland, which has passed resolutions, and on behalf of certain citizens who are uneasy about the closing of these stations. As I understand the situation, no hearing has yet been held and no decision has been reached. I want to point out very strongly to the minister and the committee that the people of Nova Scotia have rights so far as keeping these railway stations open is concerned. The railway must not be allowed to close the stations merely because a few dollars may be saved. I put the responsibility on the minister and the government.

Last year the taxpayers of Canada made up a deficit of Canadian National Railways of over $15 million, and since that is so we in Nova Scotia have prior rights with respect to the privileges we have had for so many years. Then there is the necessity of double-tracking the Canadian National railway line from Moncton to Truro and through to Sydney, especially the line from Truro to Sydney. That matter was discussed in the special committee on railways and shipping but there was no very sympathetic response from the officials of Canadian National Railways.

I want to make a short reference to the canal situation. Almost $400 million has been spent in central Canada on canals. In the minister's estimates this year there is a total appropriation of $9,793,793 for the maintenance of these canals. Practically no money will be expended for that purpose in the maritime provinces. The house has agreed to an expenditure of $300 million on the St. Lawrence seaway. There is an appropriation in the minister's estimates of $12,541,000 for improvements to the St. Lawrence channel. Last session the minister submitted figures as to what had been expended up to date on dredging the St. Lawrence channel. I have not the figures before me but up to date it has amounted to a very large sum.

Then there is the proposal to build the Chignecto canal which I have put before the house repeatedly. Strong, determined delegations have come to Ottawa asking that that work be undertaken as was promised at the time of confederation and on many occasions since. While the minister is always very genial and courteous, I do not think he has given serious thought to the granting of the request of the people interested in that project. The hon. member for Westmorland had the honour and responsibility of moving the address in reply to the speech from the throne at the opening of this session. He was requested to do so by the Prime Minister and the government. He put forward a proposal for the construction of this canal but at another location, namely, from the Petitcodiac river through to Shediac.

He made a proposal for the building of a large tidal power plant at the head of the bay of Fundy, the Cumberland basin and the Petitcodiac river. He has put this proposal before the house on different occasions. He has had a sympathetic response from the Minister of Resources and Development but as far as I know nothing has been done. There has merely been a vague promise that sympathetic consideration would be given to the suggestion. I do not think that is quite good enough. When a member acting on behalf of the Prime Minister and the government makes such proposals time after time to the house I think we should have a statement from the minister as to what he proposes to do with respect to the building of the Chignecto canal and the development of the two million horsepower project at the head of the bay of Fundy.

There have been references to airports and air services. In the minister's estimates there is a total amount of $42,051,165 for air services. In the estimates of the Department of National Defence there is a total appropriation of $759,310,300 for air services. I suppose the town of Amherst made a greater effort and contribution than any other municipality in Canada during the last war in co-operating with the government in the building of an airport. When the war was over the government refused even to maintain the Amherst airport. They threw it to one side just as they would a squeezed orange or an old shoe. That airport, like airports in other parts of Canada, is of great value to the air services of Canada. There was a gathering there only a few weeks ago. While the airport was in very bad condition planes landed and a number of people had a conference there with respect to the development of air services. I understand that after great effort the minister induced the town of Amherst to take over the airport inasmuch as the government refused even to maintain it. It is intolerable that such an airport, one of the best of its kind in all Canada, should be allowed to fall into disrepair because of a few thousand dollars a year. This department is spending this large sum; the air force under the Department of National Defence is spending $759 million this year; yet there is not money available to keep that airport in repair.

There are other subjects I should like to deal with under this department. The trans-Canada highway does not come under the minister, but the grade crossings do. I would ask if, in connection with the agreement with Nova Scotia, arrangements are being made to

construct grade separations at all the railway crossings in that province. I would like confirmation of the route this highway is to take. I think it should go direct to Halifax. I believe it should go along the Sunrise trail, the Northumberland strait and then down to North Sydney, in order to serve the people of Newfoundland. There are a number of railway grade crossings along this route, and I think it should be a condition of the construction of that highway that no level crossing shall be left in its entire length.

We from Nova Scotia were pleased at the announcement by the minister that a contract has actually been entered into for the construction of the causeway across the strait of Canso. I have always favoured a causeway in preference to a bridge. I would not care to recommend a bridge over water 180 feet deep, with the ice conditions, the tidal conditions and the wind conditions prevailing there. I do not think there could be any assurance that such a bridge would be made safe. Therefore I support the decision of the department to construct the causeway. I understand the executive assistant in Nova Scotia, Mr. McColough, and the deputy minister, Mr. Belliveau, came out strongly in favour of the causeway. I was associated with those gentlemen for a number of years, and I would have been very much surprised and disappointed if they had approved the construction of a bridge, in spite of the fact that it was recommended by some outstanding engineers.

I would ask the minister whether provision will be made in the construction of this causeway for a passageway for fish. Fish have been moving through the strait of Canso in enormous numbers for hundreds and thousands and probably millions of years, so I feel a passage should be left for them and the causeway should not be built in solidly. At least I believe the minister should secure the opinion of the Department of Fisheries before permitting the strait of Canso to be completely blocked by this causeway. I understand that at times the fish form an almost solid body in the water.

I would also ask the minister for some information as to the contribution of the province of Nova Scotia toward the cost of construction of this causeway. It has been rumoured that my province was required to contribute up to $5 million.

Mr. Chevrier: $5,500,000.

Mr. Black (Cumberland): The federal government has the responsibility for the construction of the causeway and is getting credit for it, but I feel this government has driven a pretty hard bargain with Nova Scotia if it is exacting $5 million from that province so Nova Scotia may have a roadway across the causeway. I would like also to ask what contribution the Canadian National Railways are making. I feel that in view of the benefits they will receive they should be very large contributors to the cost of this causeway. Perhaps the minister will advise us on these matters when he replies.

I am interested in the tenders, nine in all, that were received by the department. Some of them are very reasonable, more so than many people expected. One cannot help noticing, however, that the contractors in the locality are outbid by these big companies. It seems that any good big plum of a contract goes to someone outside the maritime provinces. It is only fair that contractors who have their head offices and their shareholders in those provinces should be given a preference in the letting of these contracts. At the same time I would like to put in a word on behalf of Canadian contractors in connection with the construction of the St. Lawrence seaway when the minister is in a position to undertake that project, which I hope will not be too long delayed.

I might also say a word with respect to shipbuilding. At the time of confederation and after Nova Scotia was one of the great shipbuilding districts of the world. I believe naval ships and those being built for this department should be built in the yards in the maritime provinces. I notice an invitation has been issued to hon. members to visit Sorel sometime within the next few weeks, where a ship called *Chignecto* is being built. I think it would have been very appropriate if that ship had been built in the maritime provinces, where we have been urging the construction of the Chignecto canal, though the minister has not given us any encouragement. It is almost adding insult to injury to build a ship up here and call it by that name. Apparently that is all we are to get as far as the Chignecto canal is concerned. I am quite sure, however, that it will be a good ship and will give the department good service in the years to come.

As I said a few minutes ago, this is a department of very great importance to the people of Nova Scotia and the maritime provinces. There are many appropriations we may discuss as they come before the committee, but that is all I am going to say now. I am looking forward to some recognition by the minister of the inquiries I have made, as well as those that have been made by other members on this side of the house.

Mr. Chevrier: I apologize to the hon. member who was about to rise, Mr. Chairman, but I am sure the committee will expect me to deal with some of the questions that

have been asked and some of the matters raised during the course of this discussion, which has gone on since almost 3.30 this afternoon. I can hardly do so in the time that is left at my disposal, but I should like to attempt to deal with some of the matters which I consider of major importance. In any event it would be impossible for me, and I am sure the house and the members who have raised the questions, will not want me to refer to all of the local points that have been raised during the course of the discussion this afternoon.

First of all, I should like to say how grateful I am to the house for the very impartial, fair and constructive manner in which the estimates of the Department of Transport have been discussed this afternoon. I believe that out of the discussion there is bound to come some benefit for all concerned. The member for Vancouver-Quadra dealt with a number of matters. He will not expect me to respond to all of them, but there are some which I think are of sufficient importance to deal with at this time.

The member was somewhat critical of the attitude of the government and the conduct of the maritime commission with reference to shipbuilding, ship repair and policy generally. I would remind the hon. member and the house that the government established the maritime commission some years ago for the purpose of advising the government on matters concerning the maritime industry. That was the reason for the establishment of the commission, and that is exactly what the commission has done. For instance, the commission recommended the establishment of the replacement plan. The hon. member was critical of that, but I am sure he would not have been had he known what the position is so far as that plan is concerned. It has been a good plan.

By virtue of the recommendations of the commission to the government, which the government has adopted, there have been no less than 62 ships sold since the beginning of the plan, and the proceeds from the sale deposited in escrow. The proceeds to the escrow fund amounted to $36·2 million. Of the $36·2 million, $25·5 million have already been assigned for shipbuilding and reconversion in Canadian yards, while a large portion has been used as an aid to encourage the replacement of outworn coastal and lake shipping vessels. Contracts have recently been awarded for two 28,000 ton oil tankers which will be the largest ocean-going ships built in Canada. It is hoped that this recent order may be the forerunner of similar orders for ocean-going dry cargo ships. At the present time consideration is being given by other owners to building in Canada for ocean-going trades.

There are also forty-five 10,000 ton ships and twelve 7,500 ton ships remaining under Canadian flag. This brings me to the other recommendation which was made by the Canadian maritime commission, namely that having to do with the transfer policy. The transfer policy came at a time when ocean freights were low and hard to get. Some 97 Canadian-owned ships were assigned to United Kingdom registry under a special transfer arrangement made with the United Kingdom. This transfer policy is operating satisfactorily at this time.

Then, the commission recommended the subsidy plan. This plan was announced by the Prime Minister in December, 1949, by virtue of which the sum of $3 million was to be paid on ships that were in difficulties because of the decline in freights and the movement of cargoes. Under this plan some 37 Canadian-registered ships made contracts with the commission and each was paid $75,000. The full amount of $3 million was not expended. The subsidy plan was of tremendous assistance until the time came when, as the hon. member mentioned in his remarks, because of Korea and for other reasons, freight rates again rose and made the position more tenable for the operators. In any event, the subsidy was very helpful in tiding these ships over a difficult period.

Then, as the hon. member knows, the commission has responsibility in connection with the construction of new ships and ship repairs. In Canada the shipbuilding industry has reached today a post-war peak. Employment is increasing month by month, and orders on hand for new construction to date have a value of over $234 million. While it is true that the greater portion of this sum is for naval shipbuilding, about $64 million have been placed for merchant shipbuilding. The average employment in these yards at the end of March, 1951, was 12,015, an increase of 44 per cent over the previous year. The average employment for March, 1952 is 17,515, which is a tremendous increase over the average monthly employment figure up until the end of March, 1952.

In the ship repairing branch of the industry, 2,141 merchant ships and 63 naval vessels were overhauled or reconditioned, at a total expenditure of $24,335,180, which is an increase of 41·5 per cent over last year. This gives some indication of the work done by the maritime commission. The hon. member and the house will recall that earlier the maritime commission recommended in one of its reports that there should be a nucleus of 7,000 men continually employed in our yards. Well, the figure I gave indicates that for

March of this year the employment is 17,515, which is away above that suggested nucleus.

Again the maritime commission recommended that shipyards should be located in various strategic areas of Canada, and that has been done. In fact, the regions were: the Pacific coast, the great lakes, the St. Lawrence river and the Atlantic coast. Those yards have now orders, both for defence and for private purposes, for a substantial number of ships.

Mr. Green: May I ask the minister if he can tell us how many of those are fast cargo vessels?

Mr. Chevrier: With respect to that, I mentioned earlier that there are two 28,000 ton tankers.

Mr. Green: They are for the great lakes?

Mr. Chevrier: No, those are two 28,000 ton tankers for deep-sea operation. Of course, there is a large number of coastal and great lakes ships. The reason why there has been no greater number of deep-sea vessels is due to the fact that the costs of construction in Canada are much higher than elsewhere, particularly compared to Great Britain where the costs are 50 per cent lower than they are in Canada.

I wanted to say something with reference to another recommendation which was made by the maritime commission and which the government adopted, namely that for the establishment of a committee to study the requirements of the cargo liner trade with respect to ship design, keeping in mind the requirements of national defence for the movement of materials of war. That committee has been formed. It is composed of Canadian ship owners from the east coast, Canadian ship owners from the west coast, ship owners associations, shipbuilders' associations, the Royal Canadian Navy and other groups. Its object is to make a study of designs, scale drawings and data which will be prepared and studied by a technical section of the maritime commission.

I therefore think it can safely be said that the maritime commission is fulfilling its purpose. Even though my hon. friend may think that the deputy minister of transport has sufficient work and should not at the same time be chairman of the maritime commission, I can give assurance that his presence both as deputy minister and as chairman of the maritime commission is of great assistance to me, because it is an advantage to have an official who is conversant with the operations of the department and who at the same time sits in with the two other members of the Canadian maritime commission.

My hon. friend dealt with the national harbours board and the fact that a successor to Mr. St. Laurent had not been appointed. That is true. Mr. St. Laurent resigned in July of 1951. Since that time careful attention has been given to an appointment. A number of names have been considered. While I am not in a position to make any announcement now, I hope that it will be possible to do so in the not too distant future.

Then my hon. friend dealt with the recommendation of the Gibb commission. The Gibb commission did, in fact, recommend advisory councils but the government saw fit not to accept that recommendation. As a matter of fact, there are many recommendations made by royal commissions, some of which are accepted and others not. In this case I think we were wise in not acting on that particular recommendation.

Recently I had the opportunity of visiting two ports, namely Halifax and Quebec. In both instances I found that persons interested in port questions have decided to establish an organization. In the case of Halifax, they are establishing a body composed of local men who will make recommendations to the national harbours board. In Quebec city there is being established by a certain group of interested persons there an organization which, equally, will make recommendations. I think it is far more satisfactory, at least for the national harbours board, to deal with groups of that kind than it would be for them to deal with a body such as that recommended by Sir Alexander Gibb.

My hon. friend also dealt with the question of the airport at Vancouver. He was critical of the delay. I can tell him that the delay is not due to the officers of the Department of Transport. We prepared a report, or had prepared for us, a report on the questions of the assets, land, buildings, equipment and the like at Vancouver.

Mr. Green: What was the figure?

Mr. Chevrier: I have not that figure available, and I should not like to trust to my memory. In any event the report dealt with the two subjects. Following that report we made an offer of something in the vicinity of $400,000—perhaps it was $450,000—to the Vancouver authorities. We made that offer on the assumption that we were not purchasing the land; because in other municipalities —in fact in all other municipalities—a contribution of some sort has been made for the land.

Mr. Green: Is that true of Dorval?

Mr. Chevrier: Dorval is the one exception. All other airports have made a contribution for the land. The exception of Dorval was because of the fact that the operations at St. Hubert during the war were transferred from that port to Dorval, and the government during the war thought that the proper procedure was to purchase the land. That is the only exception. In all other airports the communities have made a substantial contribution; and the departmental authorities felt that such should be the case for Vancouver. In any event, I understand that the negotiations are to be resumed in the near future and I trust—in fact, I have the assurance—that a satisfactory solution can be found to that problem.

Mr. Green: The minister did not mention the deepening of the harbour entrance.

Mr. Chevrier: I did not mention it because it is not a matter concerning the Department of Transport. The national harbours board do not, as a rule, dredge their harbours. They call upon the Department of Public Works to do so. The plan to which my hon. friend has reference is, I understand, a plan which has been given consideration by officers of the Department of Public Works. As to dredging itself, I do not know whether or not representations have been made by us to the Department of Public Works; but in any event I have made a note of the representations made by my hon. friend.

Mr. McLure: Eleven o'clock.

Mr. Chevrier: I have just started to deal with the items. There are several others.

Mr. Green: Mr. Chairman, there are quite a few other questions which the minister has not had an opportunity to answer; and some of the members on this side of the house had some further subjects to deal with. I would suggest that the committee rise and report progress.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Monday we will move to go into supply and call four departments. Then we will proceed with the resolution respecting the Emergency Gold Mining Assistance Act; Bill No. 195, to amend the Government Employees Compensation Act, 1947; Bill No. 224, respecting the Canadian forces; Bill No. 194, to amend the Aeronautics Act. Then if we have any time left, we could probably take up the resolution in the name of the Prime Minister, to provide for the establishment of a national library, and the resolution to amend the Canada Grain Act.

Mr. McLure: When shall we have transport again?

Mr. Fournier (Hull): As soon as possible.

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

HOUSE OF COMMONS

Monday, May 19, 1952

The house met at three o'clock.

PRIVATE BILLS

FIRST READINGS

Bill No. 239, respecting the Burrard Inlet Tunnel and Bridge Company.—Mr. Sinclair.

Bill No. 240, respecting the Sisters of Charity of the House of Providence.—Mr. Henderson.

Bill No. 241, respecting a certain patent application of the Garrett Corporation.—Mr. Richard (Ottawa East).

QUESTIONS

MONTREAL AND SOUTHERN COUNTIES RAILWAY EMPLOYEES

Mr. Boivin:

Following the changes made on November 25, 1951, in the Montreal-Granby-Waterloo service, via Marieville, what arrangements have been made by the presidents of the Canadian National and the Montreal and Southern Counties Railway unions concerning the old employees of the Montreal and Southern Counties Railway?

Mr. Benidickson: Prior to the change in service, negotiations were carried on with representatives of organized labour who represent the employees concerned. The interested labour organizations could not reach an agreement between themselves and the new service has been manned by employees of the Canadian National Railways. This action has not resulted in any reduction in the number of train service employees of the Montreal and Southern Counties Railway.

FILM "ROYAL JOURNEY"

Mr. Fraser:

1. Was the film "Royal Journey" made as the exclusive property of the national film board?
2. In what width or widths is the film produced or being produced, and do they include 35 mm. and 16 mm. film?
3. If so, what are the terms of the contracts or arrangements made with commercial firms, giving their names, for distribution of the 35 mm. film?
4. Does any such contract contain a time limitation on the production, use or distribution of the 16 mm. film?
5. Is the 16 mm. film to be made available for showing in churches and schools in the various communities throughout Canada? If so, when?
6. Is the 16 mm. film for sale?
7. If so, what is the price quoted, and when will it be available?
8. Have any exclusive rights been given?
9. If so, what are the terms?

Mr. Winters:

1. Yes.

2. The film was produced in 16 mm. and 35 mm. widths.

3. To date agreements have been negotiated with four distribution companies:

(a) Columbia Pictures of Canada, Limited, Toronto, covering 35 mm. theatrical distribution in Canada. This contract runs for two years from December 21, 1951. The board receives 65 per cent of the gross revenue from exhibition of the film and pays for the prints used.

(b) United Artists Corporation, New York, covering 35 mm. theatrical distribution in the United States of America and its possessions. This contract runs for three years from April 1, 1952. The board receives 65 per cent of the gross revenue from exhibition of the film and pays for the first 100 prints used.

(c) General Film Distributors, Limited, London, covering 16 mm. and 35 mm. theatrical distribution in the United Kingdom, Northern Ireland, Isle of Man, Channel Islands, Eire, Gibraltar and Malta. This contract runs for five years from January 1, 1952. The board receives 60 per cent of the net revenues from exhibition of the film. Print costs are a first charge against gross revenue.

(d) J. Arthur Rank Overseas Film Distributors, Limited, London, covering 16 mm. and 35 mm. theatrical distribution throughout the world excluding the western hemisphere and these territories granted to General Film Distributors, Limited, as set out in 3 (b). The agreement will run for five years. The board will receive 70 per cent of gross revenue and will pay for the cost of prints.

4. Yes.

5. Yes. On November 1, 1952.

6. Not at present.

7. It will be available for sale after November 1, 1952.

8. No exclusive sales rights for the 16 mm. prints in Canada have been given.

9. Answered by No. 8.

FILM BOARD—FILMS ON AGRICULTURAL AND FISHERY PRODUCTS

Mr. Fulton:

1. Has the national film board during the last three years made any film or films dealing with the nutritive value and/or food content of Canadian agricultural and/or fishery products?

2. If so, what were the names of these films, when were they produced, and with what product or products did they deal respectively?

3. On whose authority, at whose request, and for what purpose were these films, if any, produced respectively?

Mr. Winters:

1. Yes.

2. Films. Teeth Are To Keep—1949; Carrots, celery, salads, apples and other fruits, whole wheat bread and milk are all represented as helping to keep teeth in good condition.

Filmstrips: Brush Up On Your Teeth—1949; Cheese, milk, fruits (apples and raisins), vegetables (carrots and celery) are shown as among foods which help to maintain healthy teeth.

Ten Little People And Their Teeth—1949; Shows children drinking milk in preference to soft drinks, and eating apples in preference to candy.

Rural School Lunches—1950; Milk, meat (or fish, eggs, cheese or beans), whole wheat bread, fruit and vegetables are shown as constituents of a good school lunch.

Vitamin D Fair—1950; Fish liver oil, whole wheat cereals, whole wheat bread, milk, meat, eggs, vegetables and fruit are recommended in a good diet for growing children.

What Breakfast Did For Emily—1951; Tomato or citrus fruit juice, milk, whole grain cereal, toast made from whole wheat bread, and butter comprise the breakfast on which Emily thrived.

A Good Breakfast—1950; Tomato and citrus fruit juice, vitaminized apple juice, melon, strawberries, apples, blackcurrants and other fruits, eggs, bacon, oatmeal, wheat germ and rolled oats are among the recommended foods.

3. These films were produced at the request of the Department of National Health and Welfare for audiences of parents, teachers and school children.

SURPLUS NAVAL STORES

Mr. MacInnis:

What equipment and furnishings were declared surplus and destroyed in naval stores, Esquimalt, British Columbia, during the months of November and December, 1951, and January, 1952?

Mr. Blanchette: No surplus equipment and furnishings were destroyed by naval stores, Esquimalt, B.C., during the months of November and December, 1951, and January, 1952, but were handed over to Crown Assets Disposal Corporation for disposal.

NATURAL GAS—EXCHANGE BETWEEN CANADA AND UNITED STATES

Mr. Nickle:

1. Has the government negotiated with, or is it now prepared to initiate negotiations with, the United States government, in order to determine whether or not a large-scale, long-term firm agreement is feasible for exchange of natural gas between Canada and the United States?

2. In the alternative, is the government prepared at this time to urge that the United States authorize export of American natural gas to southern Ontario, in a volume equal to that of Alberta gas (ten billion cubic feet yearly) now being exported to defence industry in Montana, and for at least a similar short-term period (five years)?

Mr. Dickey:

1. No. The principal supply of natural gas is controlled by the government of Alberta and the Canadian government has no natural gas at its disposal that could be used to implement any such agreement, if made.

2. The Canadian government has made representations on behalf of the Union Gas Company's application to import natural gas into Ontario.

UNITED STATES—CANADIAN CURRENCY RATES —EXCHANGE BORDER STATIONS

Mr. Ross (Hamilton East):

1. Has the federal government given consideration to the setting up of exchange stations along the international border between Canada and the United States to assure travellers of both countries fair exchange rates on their respective currencies?

2. If so, with what result?

Mr. Sinclair:

1. No.

2. Answered by No. 1.

CENSORSHIP OR BANNING OF BOOKS

Mr. Coldwell:

1. What officer or officials of the Department of National Revenue are responsible for the censorship or banning of books seeking entry into Canada?

2. What qualifications do they possess for these important duties?

Mr. McCann:

1 and 2. No officer is responsible for the determination as to what books shall be classified under tariff item 1201. Before any books are so classified they are passed upon by the Minister of National Revenue personally.

CANADIAN NATIONAL RAILWAYS— ST. MALO AND RIVIERE DU LOUP

Mr. Pouliot:

Referring to answers made by the then minister of railways and canals on May 7, 1925, and May 25, 1925, *Hansard*, pages 2928, 3479, 3480 and 3481, of 1925:

1. What are the names and the values of each of the pieces of machinery which were returned from the workshops of the Canadian National Railways at St. Malo, Quebec city, to Riviere du Loup?

2. When did such transfer take place?

3. What are the names and the respective occupations of the employees of the Canadian National Railways who were transferred from St. Malo, Quebec city, to Riviere du Loup?

4. On what date did each of said transfers take place?

5. What are the names and the values of each one of the pieces of machinery which were at the Canadian National Railways shops at Riviere du Loup (a) immediately after the transfer above referred to in paragraph 1 took place; (b) on May 1, 1952?

He said: This question was drafted in the English language. In the first paragraph I used the word "returned" with regard to the names and values of the pieces of machinery that were returned from the shops of the Canadian National Railways at St. Malo, Quebec city, to Riviere du Loup. In French the word "transportées" is used instead of the word "retournées". I should like to have the words "ont été retournées" used instead of "avaient été transportées" in the first paragraph. Then I should like to amend the third paragraph by adding the word "back" after "transferred" so that it will read, "who were transferred back from St. Malo, Quebec city, to Riviere du Loup" in English. In the French language the third paragraph should read:

Quels sont les noms et les occupations respectives des employés du National-Canadien qui sont revenus de Saint-Malo, ville de Québec, à la Rivière-du-Loup.

Mr. Speaker: Stand.

INTERNATIONAL SALMON FISHERIES COMMISSION —EXPENSES AND ALLOWANCES

The question being called:

Mr. Pouliot:

What is the total of travelling expenses and living allowances paid each Canadian member of the international salmon fisheries commission since 1937?

He said: I rise again on a point of order. This question belongs to the hon. member for Leeds.

Mr. Fulford: This is my question.

Mr. Speaker: Stand.

QUESTION PASSED AS ORDER FOR RETURN

NATIONAL DEFENCE—ORDERS FOR LAMPS

Mr. Pearkes:

1. Have orders been placed for the Department of National Defence for boudoir, table, trilight and bridge lamps?

2. If so, how many such lamps have been ordered?

3. Have tenders been called for a supply of these lamps?

4. If so, has any tender as yet been accepted?

5. What is the estimated cost of these lamps?

6. On what basis are they to be issued to the services?

PARLIAMENT BUILDINGS

STALLING OF ELEVATOR IN PEACE TOWER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to direct a question to the Minister of Public Works. Can he make a report to the house on the four-hour elevator incident in the Peace Tower yesterday, and will he tell us something about the inspection service and whether or not precautions will be taken so that this sort of thing will not happen again?

Hon. Alphonse Fournier (Minister of Public Works): On Sunday May 18 at approximately 3.30 o'clock in the afternoon elevator No. 1 carrying thirteen passengers and the elevator operator left the first floor level and stalled at about 25 feet down. The maintenance crews worked for a period of four hours in order to raise the elevator back to the upward position when the occupants of the car were released. The car is ordinarily known as having a capacity of 1,500 pounds, which is spoken of in the industry as being a 10-passenger car. An examination of the car showed that the emergency safety device had come into operation owing to the overload, and this particular device could not be released under such conditions until the car was taken back to the upward position which, as stated, required a period of about four hours.

The car was in charge of one of our regular elevator operators, Mr. Charles Michaud, who has operated the car for a period of two years. Yesterday previous to the incident the car was working satisfactorily. While there is a card in the car saying that the load is to be nine people, the elevator operator used his own discretion in estimating the load with regard to the weight of the people rather than the number, feeling that he had not exceeded the 1,500-pound limit. In this particular case the load was heavier than the operator estimated, and this caused the safety device to automatically come into action and stop the car. The service maintenance contract for the care and successful operating of the machine is under the Otis Fensom Elevator Company, who were the manufacturers thereof.

LIVESTOCK

INQUIRY AS TO LIFTING OF UNITED STATES EMBARGO

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Trade and Commerce. Has any communication been received from the United States government that the embargo against Canadian cattle will be lifted within two months if there are no further outbreaks of foot-and-mouth disease?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Messages could have come to someone other than myself. I have seen no such message, but the law of the United States is that the embargo can be lifted two months after the certificate of final clearance is given by the United States secretary of agriculture.

SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of supply.

THEFT AND FIRES IN MILITARY ESTABLISHMENTS —AMENDMENT, MR. DREW

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, today I intend to present a motion such as is made possible at this stage of the proceedings of the house. It is one which I hope will receive consideration from members on all sides of the house having regard to its subject matter and also to the importance of the subject at a time when we actually have before the house the consideration of estimates for the Department of National Defence which it is anticipated may come close to $2½ billion with the supplementary estimates that will be submitted later. Without going into the details of any matters now before any committee of the house, it is only necessary to draw the attention of hon. members to the fact that since this subject was last discussed only a few days ago attention has been drawn to still further examples of widespread theft and looting of government property in military establishments across this country.

If these things were happening in an isolated camp, or even in one or two camps, there might not be the same reason for returning once again to a subject which goes to the root of the confidence which can be placed by members of the house and the people of Canada in the administration of a department which is seeking an allocation of public funds that will amount to almost half of the total raised by taxes from the people of Canada during the coming year. Members of the house have been well aware for some time of the concern that has been expressed in the press and elsewhere about losses, thefts, incendiary fires and looting in government camps and storehouses throughout the country.

Our attention was directed to this subject very dramatically by the nature of the thefts that occurred at Petawawa. Since that time there have been further thefts in Ottawa, Montreal, Halifax, British Columbia and elsewhere throughout Canada, all of a nature which suggests a complete break-down of the administrative supervision of public property by the Department of National Defence. Nor is it simply a case of this concern being expressed by laymen. It would seem that this concern is being expressed in equally forceful language by those in uniform. The Calgary *Herald* of May 13 reports the contents of a letter written by Colonel J. S. Ross, officer in charge of administration, western command, to the heads of branches and staff, to the heads of services and to units and subunits under his authority. As reported in the Calgary *Herald* of that date the letter contains the following statement by Colonel Ross:

> The adjutant-general has expressed sincere concern at the apparent laxity revealed by the current scandals at Montreal and Petawawa. The trials resulting from these episodes may bring substantial penitentiary sentences to guilty parties.
>
> However, such action will not necessarily redeem lost confidence in the army by the minister, the members of the house, the press or the general public.
>
> There have been numerous incidents of a similar nature, all of which indicate a very distinct lack of higher level supervision. Further, it is apparent that some of the younger officers have not grasped the fact that they are custodians of crown property, and that their action in becoming involved in various fraudulent enterprises displays a moral laxity which can only be described as shocking.
>
> The most recent scandals involve officers and men in the sale of government stores and the appropriation of government stores for their own personal use.
>
> It is of the utmost importance that such irregularities be curbed forthwith. Accordingly you are directed to impress on all officers under your command the necessity for increased vigilance and good personal example.
>
> Drastically increased supervision is to be exercised immediately.
>
> Unit, subunit and detachment commanders are to fully understand their personal responsibilities.
>
> The line of responsibility within your organization is to be clearly defined so as to ensure a clear-cut disciplinary course in the event of slackness or dishonesty coming to light.
>
> Heads of services, units, subunits and detachment commanders will be answerable for future irregularities developing within this command.

That is the end of the quotation in the Calgary *Herald* of May 13 from a letter attributed to Colonel J. S. Ross. I have pointed out that I am reading from this newspaper report, and that is my only source of information in regard to this letter. I would point out, however, that unless it is disclosed that such letter was not written by the officer in charge of administration, western command, then this house has reason to pay particular attention to certain words contained in that letter written by an officer occupying a position of considerable responsibility in the Canadian armed forces.

May I refer hon. members to one particular sentence in the letter—and I quote again: "There have been numerous incidents of a similar nature, all of which indicate a very

distinct lack of higher level supervision". That quotation suggests reasons why hon. members of this House of Commons should seek in every way in their power to bring about reforms which will examine with the most complete and searching inquiry every detail of the supervision, protection and accounting in relation to these vitally important public stores.

These are not just ordinary stores. These are not simply valuable pieces of public property. This is property which is part and parcel of the costly and vitally important preparation for the defence of Canada in case our security should be threatened. Therefore any method that is followed should be one which will assure that supervision either at the lower or at the higher level, as mentioned by Colonel Ross, will be examined dispassionately, judicially and completely.

Since this matter was first under discussion in the house during the present session, not only have there come to the attention of hon. members and the people of Canada incidents in particular camps, but there have become available reports of theft, looting and fires, some of them incendiary, which have resulted in the last two years in a loss estimated by the Department of National Defence at a figure of more than $7 million. There may be some question however as to whether those figures in themselves even approach the actual value of the losses to the people of Canada. It will be recalled that the Minister of National Defence (Mr. Claxton) spoke of losses at Farnham as being in the neighbourhood of $3,500. If the accounting methods of the Department of National Defence report a loss of only $3,500 at Farnham, then the statement given of the total loss as in the statement prepared by the department, showing a loss of more than $7 million, should contain figures very much higher than it actually does.

What prompts me to raise this question with some sense of urgency this afternoon is that within the last few days it has been disclosed that the individual who was asked to undertake some form of inquiry into what had occurred at Petawawa is not actually in Canada at this time. One of the reasons why this in itself should call for immediate attention is that Colonel Currie's reputation, both as an accountant and as a man of great personal integrity and ability, did convey to the public a measure of confidence when the statement was made that he had undertaken to do this work.

No one would question either the accounting ability or the personal integrity or the high standing, in the esteem of Canadians who know him, of Colonel Currie, whose name was placed before us as the man who had been asked to carry out certain inquiries about which we are not too clearly informed.

It has been pointed out already in this house that, no matter what Colonel Currie's personal standing may be, that in itself is no substitute for an inquiry conducted under appropriate terms of reference which would give the inquiry the opportunity to go into every detail of the situation which has been described in such forceful terms by Colonel Ross in the letter quoted by the Calgary *Herald*. Since it has been stated that Colonel Currie has left Canada and is in England, and that this was with the knowledge and permission of the Minister of National Defence, and that such inquiries as are being conducted are being carried forward by his staff, then it does seem appropriate that we should examine with the utmost care just what measure of authority the staff in Colonel Currie's office really have to conduct an inquiry into laxity in administration which, according to the letter of Colonel Ross, if that is correctly reported shows a distinct lack of high-level supervision over government stores.

When the Minister of National Defence was asked under what authority Colonel Currie has been appointed to conduct an inquiry he replied that it was under section 4 of chapter 43 of the statutes of Canada, 1950, volume I, at page 473. This is known as the National Defence Act. Section 4, which is the section the minister put forward as the statutory provision under which Colonel Currie acquired his authority through a letter from the minister, reads as follows:

> The minister shall have the control and management of the Canadian forces, the Defence Research Board and of all matters relating to national defence including preparation of civil defence against enemy action, and shall be responsible for the construction and maintenance of all defence establishments and works for the defence of Canada.

That is the whole section and it contains no reference, by implication or otherwise, to an inquiry of any kind. This is the section which says that the minister shall have the control and management of the Canadian forces. Under the authority of that section the minister has written to Mr. Currie to ask him to do certain things at the Petawawa camp. It was said before, and it should be repeated, that under the letter written to Mr. Currie by the minister, Mr. Currie has no authority whatever to call for the production of documents, to compel the attendance of any witness or generally to do any of the things that are essential to the conduct of an inquiry such as I am sure most Canadians thought had been initiated when they read the announcement by the minister. The section merely says that there will be a minister.

Mr. Speaker, without getting away from the real consideration which should be in the mind of every member here, may I suggest that this does reflect the superman complex

with which we seem to be dealing so frequently in this house. There is a minister appointed, and according to him he has the authority to do anything, therefore it is not necessary to bother about the public Inquiries Act or any other act that was designed by this parliament to authorize the kind of inquiry which should be under way at this time. In fact, one might almost hear the minister say, in the words of Gilbert and Sullivan:

> The law is the true embodiment,
> Of everything that's excellent.
> It has no kind of fault or flaw,
> And I, my lords, embody the law.

The minister is appointed. He is in charge of the establishment, and therefore he embodies the whole law, and his wish expressed in a letter to Mr. Currie is adequate to conduct an inquiry, which certainly would be one of the most important inquiries conducted in this country if it were carried forward with the measure of authority which such an inquiry should possess.

Now, Mr. Speaker, I am going to present a motion, and in doing so I wish to refer to certain arguments which indicate an attitude toward inquiries provided by the public Inquiries Act which seems to be strangely inconsistent, not only with the attitude of this government on other occasions but also with the history of inquiries of this nature both here and in Great Britain, from whose records we gain so much when we seek precedents of value in dealing with matters of this kind. When it was suggested on another occasion that an inquiry under the public Inquiries Act should be conducted, the Minister of Defence Production (Mr. Howe) belittled the suggestion that an inquiry of this kind could serve any useful purpose. He stated on an earlier occasion that a group of experts had been brought in from Chicago.

Mr. Speaker: Order. I gather that the hon. member is referring to another debate during this session. If it took place during this session, I request that he do not do so.

Mr. Drew: I had no intention of quoting, but in any event I can put forward my argument without any further reference to what was said on another occasion. The attitude has been adopted on a number of occasions that the calling in of experts is not what is helpful in producing reforms. At the time that matter was under discussion I did not have the opportunity of replying because I had introduced a motion. If I had I would have pointed out that on a number of occasions the failure of people brought in without full authority has been demonstrated, and that is exactly what should be in the minds of hon. members in this house if the arguments which have been put forward against the appointment of a body to inquire under the public Inquiries Act are to be regarded as valid. Those arguments themselves demonstrate the unsatisfactory nature of inquiries conducted without the appropriate authority to obtain evidence, to obtain the production of documents, and that is exactly what has been suggested in this house and elsewhere. It has been suggested that, no matter how high the standing may be of any individual or group of individuals asked to inquire into certain matters of importance to the public, that inquiry can produce no satisfactory result if such individual or individuals do not find themselves cloaked with adequate powers under the public Inquiries Act.

Any suggestion that it is a derogation of the authority and responsibility of members of the house to suggest the appointment of an appropriate body to conduct a public inquiry under the public Inquiries Act is surely answered by the fact that this government has on so many occasions seen fit to appoint bodies to conduct inquiries into matters which ultimately could only be dealt with by this house and by parliament, and have, in fact, claimed a substantial measure of credit for adopting that course.

May I, Mr. Speaker, anticipate the possibility that we would once again hear any suggestion that it would be a derogation of the responsibility of the members of this house and of parliament to express their opinion that an appropriate body should be appointed under the public Inquiries Act. May I point out the occasions on which the appointment of such a body has been of vital importance not only here but at Westminster, from which we draw so many of our valuable precedents.

I think it may be worth while pointing out that our whole present system of public accounting and the presentation of accounts and reports to parliament is the result of the recommendations of a royal commission appointed in 1831 by the parliament at Westminster to inquire into their general methods of accounting, the preparation of accounts and, generally, the business methods of the government in relation to those subjects. Not only were the reforms effected at Westminster which produced their modern system of accounting but since we became, to use words that have been so often employed, "the transcript of Westminster", we adopted the same methods that were the result of recommendations of a royal commission in 1831.

Then when we are told that our treasury system is so perfect that it could gain nothing from such an inquiry, may I remind hon. members that another commission appointed two years earlier by the House of Commons

and parliament at Westminster conducted an inquiry into treasury matters—it was known as the treasury commission—and our present treasury methods are largely the result of the recommendations of that commission.

Then, to bring the examples closer to the subject matter under discussion, I know that most members will recall—and most certainly the Minister of National Defence will do so—the Esher commission of 1904, which was a judicial commission headed by Lord Esher and which made recommendations that resulted in a complete reorganization not only of the British army but of the department of national defence and of the allocation of tasks within the department of national defence. May I remind the hon. members who have not recently read the findings of the Esher commission—when there is any suggestion that the appointment of such a commission is a derogation of the responsibilities and duties of members of parliament—that the Esher commission even went so far as to recommend what duties the prime minister of Great Britain should perform in relation to the supervision of national defence, and that commission outlined generally the duties of ministers, the duties of the general staff, of the adjutant general's branch, of the quartermaster general's branch, and of the whole military organization. Those recommendations brought about reforms without which it would never have been possible for the United Kingdom to go into the war of 1914 with an organization which was capable of performing the great services it rendered to Great Britain and to the whole free world.

Here in this country we have had commissions which have dealt with subjects that most certainly come under the authority and the responsibility of members of parliament at some point. Only a few days ago, I have reason to believe, approval was expressed on both sides of the house of an indication that the government proposes to carry out another recommendation of the Massey commission. The very fact that the Prime Minister (Mr. St. Laurent) was making this announcement indicated that this subject is one which must be dealt with by parliament if it is to be dealt with effectively. I have seen no suggestion that there was any derogation from the authority and responsibility of members of parliament when the Massey commission was appointed to inquire into subjects which must be dealt with by this House of Commons and by parliament if the recommendations are to be implemented.

Then at a time when we have reason to examine the estimates of the Canadian Broadcasting Corporation it perhaps is appropriate to remember that the Canadian Broadcasting Corporation is simply the Canadian broadcasting commission under a new form and that the Canadian broadcasting commission was set up as a result of the recommendations of a royal commission appointed by the government of Canada. In addition, there are a number of members who will recall that a royal commission conducted an inquiry into certain episodes connected with customs in this country, and that, as a result of the recommendations made at that time, there have been for a great many years no major scandals connected with customs.

There also have been a number of commissions appointed to deal with railways, shipping and other matters of the kind. In every single case those commissions were called upon to deal with subjects which ultimately would call for examination by the House of Commons and parliament if anything effective was to be done.

May I point out what a strange conclusion we would be led to if we accepted the proposition that the government has on some occasions put forward. If the government believes that it is a derogation of responsibility to appoint a royal commission to inquire into something that relates to the duties of government, then what does the government say about its appointment of a royal commission to inquire into the irrigation project and the power project in Saskatchewan which has been requested so frequently and with such vigour by the members on this side of the house?

If the government does not think that such a royal commission should be appointed, surely it is to be hoped that this thought was not in their minds when they appointed such a commission to deal with that tremendously important project at a time when the members of this party, and of all other parties in the house, were urging the government to act, and to act promptly, to carry forward this great and very beneficial undertaking.

No, Mr. Speaker, the history of royal commissions is a history of inquiries which have produced many of the major reforms in our administrative system, as well as in the detailed duties of government and of parliament. Granted, there have been in this country and in other countries royal commissions which have not done all that was expected: the fact remains nevertheless that over the years most of the major reforms in the organization of government, in the reorganization of military services, have been the result of inquiries of this kind. It was in fact because of the inquiry conducted by what was known as the Otter commission that there was a re-organization of the militia in Canada prior to the great war, which

made it possible for the Canadian forces at that time to take such an effective part so early in the first world war.

I have mentioned the history of these commissions to anticipate any suggestion that an inquiry under the public Inquiries Act would be any derogation of the responsibilities, duties and authority of the members of this house, and at the same time to urge the hon. members on both sides of the house to approach this subject with a recognition of the fact that each one of us should be seeking some method by which confidence will be restored in a department which is seeking approximately half of all the heavy taxes which will be imposed upon the people of Canada at this time, and which has the responsibility for preparing our defence forces in the hope that their effectiveness, along with the effectiveness of the defence forces of other free nations, may in fact avoid the necessity of employing these forces again at any time in the future for war itself.

How can the members of this house, the members on either side of this house, say to the people of Canada that they are confident that everything is being done, when step by step what has been done challenges our confidence in every way? No matter what view may have been expressed on other occasions, any arguments I have put forward as to the arguments raised against royal commissions are put forward only with the hope that arguments raised on other occasions may not be raised at this time against what seems to me to be the only possible device by which we can get a satisfactory inquiry that will restore confidence to this house, yes, restore confidence in the minds of the members on both sides of the house, and in doing that restore confidence to the people of Canada that something effective will really be done, and that if, as Colonel Ross is reported to have said, there is in fact a distinct lack of higher level supervision we shall know where that lack of supervision really is, no matter how high it may be.

I am sure that the members of this house have confidence in the chief of the general staff, in the chief of the air staff, in the chief of the naval staff. I am sure that they have confidence in these officers who are responsible for the strictly military aspect of our defence problems. But, Mr. Speaker, no matter where the break-down may have occurred, I think the members of this house and the people of Canada are greatly in need of restored confidence right up the line in those duties which have to do with accounting supervision and protection.

The Minister of National Defence is well aware that for several years efforts have been made within the Department of National Defence to bring about a more efficient method of accounting. I am sure the Minister of National Defence is aware that there have been suggestions that a central accounting organization which also had the most modern type of accounting methods, adjusting its inventory as any business would, would be able both to direct more effective supervision of accounting duties and at the same time to report on any problem relating to accounts in a manner which does not now seem to be possible.

Surely the members of this house must have been impressed with the length of time that, on a number of occasions, it has taken to provide information to the defence expenditure committee, as well as to this house, in regard to details which could have been provided within a few hours if the same accounting methods were in operation in the Department of National Defence as would be required in any big business in this country today.

Over and over again an almost plaintive story has been told of the number of officials required and the length of time that would be involved in preparing details of something that should have been available simply by examining the end entries under any effective system of accounting that was consistent with modern accounting practices. Surely it is something about which the Minister of National Defence can agree without being indignant that it might even be hinted that the Department of National Defence could be improved in any way. Surely the time has come when the constant recurrence of these thefts, losses and incendiary as well as other fires should have impressed upon the Minister of National Defence—even if it were only to reassure himself personally that everything is being done that should be done—that an inquiry of this nature would certainly be justified.

Both in the Supreme Court of Canada and in the supreme courts of the provinces are judges of great reputation, men who served in one war or the other with great distinction. I can think of certain judges who had experience in both wars. I am not suggesting that they alone would be highly qualified, but at least some of them would have available in their own memories a knowledge that would be extremely valuable in approaching a problem of this nature.

The people of this country have indicated through the press and in other ways that they want reassurance, and this government has on many occasions indicated its own belief in

the procedure provided by the Inquiries Act, and it is for that reason that I propose to present this motion. I ask the Minister of National Defence, in his own interest from the point of view of avoiding constant requests of other kinds, and also all members as representatives of the people of Canada, to indicate their desire that this subject be dealt with by a judicial inquiry. Now that we learn that the inquiry, which is not really an inquiry as that term is ordinarily used, is nothing more than an office accounting procedure because of the absence of Colonel Currie in England—that absence in itself indicates an extended delay before any satisfactory answers can be given to this house and to the people of Canada—I am proposing that a judicial inquiry at the very highest level, such as has brought about great reforms in the past, should be instituted to deal with something which now relates to the whole subject matter, not only of accounting but of the national defence of this country.

With a department which is going to spend in this year alone such fabulous sums as those before us, with a department which is responsible for preparing the defence of Canada and our common participation under the United Nations and the North Atlantic Treaty Organization, we should be assured of an administrative system, of an internal organization and of supervision of accounting which will guarantee that we have in this country as efficient and as effective an organization dealing with that vitally important matter as can possibly be made available. Therefore I move, seconded by the hon. member for Peel (Mr. Graydon):

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

"the government should consider the advisability of undertaking a judicial inquiry into the organization of the Department of National Defence and without restricting the generality of the foregoing, to investigate the accounting, inspection and administrative supervision of public property by the Department of National Defence with particular reference to losses of property by theft, looting and fire; the nature of supervision over the army stores and as to whether there has occurred any dereliction of duty on the part of any of the personnel of the said department whose duty it is to safeguard the public property of Canada.

The judicial body thus appointed to have all the powers of a royal commission under part I of the Inquiries Act, chapter 99, of the Revised Statutes of Canada, 1927, to make findings and recommendations and to report the same to parliament."

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, the leader of the opposition (Mr. Drew) has based his appeal to this house to adopt this motion on charges of "wholesale looting" in the Department of National Defence. He has made this charge before. He made it first on April 21 when he moved the adjournment of the house to discuss a matter of urgent public importance. He repeated it when he spoke for the first time on this subject on May 1. He repeated it in a broadcast of the program "The Nation's Business" over the trans-Canada network on May 6.

This charge is a serious charge. So far as I can learn from the speech of the leader of the opposition this afternoon it is based on thefts at Petawawa, Ottawa, Montreal, Halifax and in British Columbia. He seemed to derive some comfort and support from the fact that Colonel Ross directed a letter to the staff subordinate to him urging a more careful supervision. Why, this letter was the right kind of letter for an officer in command of men to write. That kind of letter has been sent through the years every time there is occasion. This is the kind of action that should be taken by commanding officers and in so far as anything that is brought to my attention is concerned, I see that it is taken.

I do not suggest that the leader of the opposition has said this, but the implication of these wholesale charges of wholesale looting is that great quantities of stores, out of all proportion to the value of the stores concerned, are being removed wholesale from the warehouses, storerooms and depots of the Department of National Defence and the armed forces. He himself used a figure of over $7 million as the amount of loss through theft and fire. That would be a very large figure but that is not in accordance with the facts before the defence expenditures committee. I will come to that in a minute.

What are we concerned with in the Department of National Defence and the three forces? We are concerned with an operation involving real estate valued at something over a billion and a half dollars, with equipment, supplies and stores having a value of perhaps another billion dollars, quite apart from ships and aircraft.

Mr. Diefenbaker: What did the minister mean by "real estate"? Does he mean the purchase of land, and so on?

Mr. Claxton: Buildings and land, but the land we occupy is not nearly as valuable as the buildings.

Mr. Diefenbaker: The minister mentioned a billion and a half for real estate.

Mr. Claxton: A billion and a half for real estate and something approaching a billion dollars for stores, equipment, and the like. I have made as careful comparisons as I can on the basis of the information available on the subject of fire losses. As I said in

the house a few days ago, we compared the experience of the Department of National Defence with the experience in six major cities in Canada. The experience in the Department of National Defence for the years 1950 and 1951, the last for which we have figures, was about the same as it was in 1949. The incidence of loss through fire in the Department of National Defence was just half as great on a fair basis of comparison as the loss to civilian property in these principal cities despite the fact that in national defence we are engaged in operations using inflammable and explosive materials, despite the fact that the camps and air stations are located at isolated centres and do not have the advantage of mutual protection, and despite the fact that a large part of the property is of wartime construction and is highly inflammable and very difficult to extinguish once a fire has started.

I ask the leader of the opposition or anyone else to establish before the defence expenditures committee that the rate of loss by fire in the armed forces is higher in proportion than it is in civilian life. This is a fair comparison, and no figures have ever been put before me which disclose the contrary. The leader of the opposition referred to the number of fires of incendiary origin. So far as it has been established in a court of law, there has only been one fire of incendiary origin. That was the last fire at Plouffe park and the soldier responsible was sentenced to two years less a day. Every fire is investigated by fire marshals and by the special officers of the R.C.M.P. In some cases civilian investigators are brought in. I suggest that to have one proven case of arson for the whole Department of National Defence in the last five years is far smaller than the record of arson in civil life.

The amount of loss by theft is not the gigantic figure mentioned by the leader of the opposition or implied through his reference to a figure of over $7 million. A return filed before the committee on defence expenditures gives a summary of losses due to theft or fraud, fire and other write-offs for the three services from April 1, 1950, to March 31, 1952, a period of two years. Losses due to theft or fraud less the amount recovered came to $85,809.75. I think every hon. member of the house has enough information from his own experience of fires and fire losses, of theft and losses by theft, and particularly with respect to property like that in the Department of National Defence and the services involving camps where construction is going on and large stores widely distributed among almost a thousand units throughout the country, to realize that a loss of $85,000 odd in two years by theft or fraud is extremely small.

I have the figures on prosecutions for theft in the civil courts in cases where civilians were convicted, cases where servicemen were convicted and also cases where servicemen were convicted by courts martial for the same offence. The last period for which we have figures is from October 1, 1949, to September 30, 1950. In the civil courts charges in which civilians were convicted totalled 6,643. The number of servicemen convicted in civil courts was 94, and the number of servicemen convicted in courts martial was 31. The total male population of Canada between 18 and 45, which are the ages corresponding to those of practically all members of the armed forces, was 2,722,201 at that time. The mean population of the armed forces during that period was 61,799. The incidence of theft by civilians was ·23 per cent and the incidence of theft by servicemen was ·20 per cent, so that on the only figures that have been put before me the record of service personnel is better than that of civilian personnel.

Put in another way, during this period the service population was 2·22 per cent of the male population between the ages of 18 and 45, but service personnel were convicted either by civil courts or courts martial of committing 1·9 per cent of the offences of theft committed in the country, considerably less proportionately than the civilian population. In the armed forces today there are over 97,000 individuals. Employed in civilian occupations by the Department of National Defence and the armed services there are another 40,000 civilians making a total population employed full time of 137,000 people.

It is no part of my reply, Mr. Speaker, to say that the 137,000 are all perfect. Unfortunately, in such a large group there are a considerable number of individuals who have been tempted to do wrong. When we find them out we prosecute them; and we have I believe in the provost corps and the Royal Canadian Mounted Police, which make investigations into every loss in which theft or fraud is suspected, a group comparable in efficiency and honesty with any group of civil or other police in this country.

That we should have any losses is deplorable. It must not be taken in any way, shape or form that, in making this reply, I am endeavouring to whitewash or to show complacency about the present situation, anything that has happened or anything that may happen. Our job is to use every means possible so as to ensure that the utmost care is

taken in safeguarding public property and in preventing loss, whether it be by fire, theft, fraud or any other means.

Toward that end from time to time we have the assistance of officers of the treasury. We have of course within the department itself an internal audit with a travelling group of auditors. We have the control of the Auditor General, to whom these audit reports are sent; and also from time to time we engage outside assistance to look into the question of systems and the like. We have the advantage of making comparisons with the systems and results in other countries, and in particular the United States and Great Britain. There has never been put before me any figure which would indicate that our losses by these causes are any greater than in the armed forces of those countries. As I indicated the other day in the house, the experience in connection with theft, in the Canadian National Railways, which carries on very large operations, showed losses which, in proportion to the amount involved, appear to be greater than those in the Department of National Defence.

Some general assertions have been made by the leader of the opposition (Mr. Drew) and I must make some corrections. The use of round figures of large size should be indulged in with a sense of responsibility; and when the errors are large one can't help wondering how sound are the charges based upon the figures used to back them up.

I mentioned a few moments ago a statement placed before the committee on defence expenditures which showed losses due to theft in two years amounting to $85,809.75 and losses due to fire of $5,205,970.54—a long way from the figure of over $7 million. The other figure is for "write-offs" of $2,112,931.15. There is no evidence yet put forward to show that this resulted from theft, fraud or fire, or to suggest that they were not proper write-offs largely of an accounting nature.

The committee on defence expenditures is sitting. It has had these figures put before it. The witnesses are available. They have answered questions with respect to the figures. And I understand, from the last information coming to me, they have dealt with the write-offs, fires and thefts in so far as the navy is concerned, and that they are proceeding with the others. And I suggest that is the right place to do it.

The leader of the opposition referred to the cost of defence this year as of the order of two and a half billions of dollars. There is provision for two billions in the estimates and he spoke of another half billion in the supplementaries. How anyone can anticipate supplementaries of that magnitude at this stage, I do not know. There is no basis for it. With the exception of the year 1951-52, the Department of National Defence has come within one per cent of spending the amount appropriated. It would surprise me if there were any supplementaries this year for the defence department.

But another figure was given. In his broadcast the leader of the opposition, making much the same argument as he made today, said:

> Let us see just how some of these figures are made up. In the estimates of the Department of National Defence there is for instance a figure of $17 million for publicity. This sum does not include the salaries of the well-trained civil servants who perform the regular duties in connection with information and ordinary publicity.

Note that additional sentence—"This sum does not include the salaries of the well-trained civil servants who perform the regular duties in connection with information and ordinary publicity"—which tends to give a sort of corroborative detail as evidence to support the $17 million figure.

When I read this I must say I was astonished. I was not astonished at the figure, because I knew the figure was wrong; but I was astonished that it should have been given. I looked at once at the statement available to every hon. member, contained in the envelope at the back of the estimates, in which is set out a summary of standard objects of expenditure, under all the different categories, and arranged on a similar basis for each government department. I find there that the item for publicity for national defence is not $17 million but $2,875,460.

Mr. Sinclair: The usual error.

Mr. Claxton: This item which appears under national defence is entirely for recruiting publicity, which comes under the heading, "Films, displays, advertising and other informational publicity", set out as column 10. The total for all government departments is $10,461,641. Then there is the heading of "Publication of departmental reports and other material", set out as column 9. Here there are over forty items listed for all departments, totalling $6,987,136, and the item for national defence is $2,485,900. It is, as the leader of the opposition has said, in addition to salaries and pay.

Now, sir, the leader of the opposition has made another charge that the need for this inquiry by a royal commission is indicated by the time it takes to get information from the Department of National Defence and the armed forces. We are not performing miracles in the department but I follow the questions on the order paper very carefully, and I venture to say that, having regard to the

number of questions, their nature and the size of the operation, answers are given about as promptly as one could expect. As for information requested before the parliamentary committee, I ask hon. members who sit on that committee what information they have been refused, and what delays there have been in making the information available. I have read the proceedings of the committee, and I have seen a number of charges about not getting information. But when the charges are made—

Mr. Speaker: Order. I think it might be better if the minister did not refer to the proceedings in the committee.

Mr. Claxton: I am sorry, Mr. Speaker. In the house itself, those charges have been made about lack of information. I venture to say that more information has been, and is being, given about defence and matters relating to defence than in any parliament in the British commonwealth. I ask any hon. member who questions that statement to prove his contention. I have here references to the debates on defence in the British House of Commons for the session corresponding to this one. I have the number of hours already spent, and the number of speakers who have taken part in the debate. I wish some hon. members who make these charges would read British *Hansard* to see how the debate on defence compares with the debate here. The government set aside one day in December for general debate on defence. There was one day for debate on the estimates on each of the service departments, the navy, army and air force, and one day on supplementaries. That is all there has been, and that is all there is likely to be this session.

There is a committee on estimates, but during the last year and a half it has not met for as many hours as our committees on public accounts and defence expenditures have devoted to defence matters. That committee, and the house at Westminster, have not had before them one-tenth of the information that has been placed before this house on defence matters. I suggest that it is time those who make these charges about lack of information should prove them.

It is time that the operation of national defence be regarded as an operation on a scale which is comparable with that of anything there is in the country today. At the present time, in addition to the 137,000 men and women engaged full time in defence, there are nearly another 60,000 in the reserve. There are well over 500 units, and there has been an increase of strength of over 100 per cent in two years. When you have an operation involving that number of people and the amount of property and equipment that there is in the services, the record compares favourably with that of any operation about which we know and are able to obtain information.

The leader of the opposition was interesting when he said that he had confidence in the chiefs of staff, of the navy, army and air force, and others responsible for the strictly military operations. I was not surprised to hear him make this statement because he must know, and the house must know, that the sweeping charges of "wholesale looting" tend to cast aspersion on all members of the armed forces, officers and men alike. He must know, and the house must know, that the service personnel keenly resent these charges, because they believe that they are as honest and decent a group of men as there is in Canada. To anticipate this, the leader of the opposition says he has confidence in the chiefs of staff—well, so have I. I have confidence in the chiefs of staff who are responsible for the operation of the three services.

Under the general supervision of the chief of the general staff of the army comes the quartermaster general, who is responsible for the store of the ordnance corps and its administration; the Royal Canadian Electrical and Mechanical Engineers, and its administration; medical and dental stores, the Royal Canadian Engineers, and the Army Service Corps. Those are the branches concerned with the business of taking in stores, issuing stores, keeping stores and accounting for stores. They have had a very large job. Today the engineers are concerned with 513 major contracts across Canada. The engineers were concerned with plans and specifications and, to a certain extent, looking after this very large operation. This has been accomplished without any very substantial additions to personnel of the engineer corps. We are trying to handle this big operation without building up a large overhead which we would not need after the peak has been passed.

Now, I have mentioned these branches of the service which are responsible, and when the adjutant general, the quartermaster general or the chief of the general staff or the corresponding officers in all the three services, find that there has been a theft, he draws to the attention of the officers under him the need for effective supervision. When Colonel Ross was referring to a distinct lack of higher level supervision, he was referring to supervision at a level subordinate to himself.

We have had before us a motion that all this should be the subject of a royal commission. This is not the first time that the

leader of the opposition has made suggestions of this kind. I have not a full list, but I have some notes indicating that he made similar proposals back in 1949. On October 26—

Mr. Diefenbaker: Will the minister permit a question?

Mr. Claxton: Yes.

Mr. Diefenbaker: The minister has spoken about outside persons being asked to investigate. Before he turns to the subject of a royal commission, I was wondering whether this would not be the time to answer the question that was put on the order paper with regard to Mr. George Currie.

Mr. Claxton: I will come to Mr. Currie.

Mr. Diefenbaker: That is fine. I thought the minister was going to another subject, and that this might be a good opportunity.

Mr. Claxton: As I say, those suggestions have been made. On October 26, 1949, was made one of the numerous recommendations for a committee, denying that committees delegate parliamentary responsibility; April 26, 1950, demand for examination of government business by experts; May 30, 1950, suggested royal commission on government organization; April 28, 1950, demand for royal commission; June 12, 1951, demand for committee on estimates.

Mr. Drew: And we got that.

Mr. Claxton: You got no committee on estimates.

Mr. Drew: Oh, yes; we have.

Mr. Claxton: Well, I have followed the matter and I have not seen any committee on estimates.

Mr. Drew: Are not the defence estimates sent to a committee?

Mr. Claxton: No. The defence estimates come before parliament. As recently as May 12 we had from the hon. gentleman another request of a similar character. Parliament is the place where this kind of operation should be carried on. This is the place where the estimates of the Department of National Defence have been examined at length every year. Parliament has set up a committee on defence expenditures which has been going into the expenditures since the date fixed in its terms of reference, March 31, 1950. There is the committee on public accounts and I understand that it will be looking tomorrow at the report of the Auditor General in so far as it relates to defence expenditures. Then we have pending, before the courts, the prosecutions at Petawawa. In addition, as I announced in the house on April 21, there is the appointment of Mr. George S. Currie, C.A., who has the terms of reference which I stated to the house at that time; and those show that he will have such other powers as he finds are necessary to carry out his job. What more could be done than that, if Mr. Currie is a man of the capacity described by the hon. member for Greenwood (Mr. Macdonnell), I think it was, and if he is a man of the integrity described by the leader of the opposition? And I agree that he is. Then if he wants extra power to do the job that has been given to him, he knows he will get it or else he will not try to do the job.

When this situation at Petawawa was drawn to my attention, I felt that the methods of accounting, stockkeeping, their operation and the responsibility for the losses at Petawawa or losses of that character elsewhere should be looked into by the best person we could find in all Canada. He was communicated with and he agreed to take the job. He at once told me that he would have to be away on the other side on business but that that absence would mean no delay because, in the meantime, partners and members of his firm would carry on the investigation so that it would be completed just as soon as it would have been had he been here throughout. That is the way he wanted to operate, that is the way he operates, and it seems to be a perfectly reasonable way to operate.

I am not going to delay the house further, Mr. Speaker. I suggest that the motion of the leader of the opposition is not much different from the one moved on May 12, which may be found at page 2105 of *Hansard*, when he asked for a royal commission for the purpose of examining and making recommendations for improving the organization and general efficiency of government administration; because in his speech he referred particularly to the Department of National Defence and the Department of Agriculture. This is a narrower field, related to one department. The house indicated its attitude to that proposal on that occasion and took the view—quite properly, I submit—that parliament is the body to which the government is responsible for its administration. That is the view that has been taken consistently by this side of the house and we do not see any reason for changing that view because of anything suggested this afternoon.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, the concluding words of the Minister of National Defence (Mr. Claxton) were substantially the words with which I was going to begin what I had to say. The proposals for royal commissions by the leader of the opposition (Mr. Drew) on former occasions, particularly the one he made a week

ago today, were of a wider and a more general character than the one we now have before us.

Last week I pointed out that the motion involved the abrogation of the duties of this house since it dealt widely and generally with government administration. This afternoon the leader of the opposition has introduced a motion of quite a different character. The motion today is specific and deals with one department. Then it restricts itself to certain matters in connection with that department that are of public concern.

We are asked to approve a judicial inquiry into the organization of the Department of National Defence, to investigate the accounting, inspection and administrative supervision of public property. Those requests are quite specific, I think, and in spite of anything that may follow in the amendment, they ask us, in view of the disquiet that is widespread across the country, to approve of a royal commission to investigate specifically the matters referred to in this amendment.

It is true that the motion speaks of theft, looting and fire. It does not use extravagant language. It does not say there has been wholesale looting but rather speaks of theft, looting and fire which we, as members of this house, know to be a fact that has been established not only before a committee of the house but in the courts of this country. And therefore, this being a proposal of a different nature, I feel that the attitude of the house should be different toward it. Speaking in the house last week in regard to the amendment to which the minister referred, I said something like this: that if members of parliament had any real function it must be that we control the finances and administration of this country. Then I went on to say that since the amendment involved the whole field of governmental administration we would be abrogating our functions if we agreed to it.

In the course of his remarks this afternoon, the leader of the opposition (Mr. Drew) referred quite properly to a number of royal commissions that had resulted in reports that were of general interest to this house and to the country. But I would point out that every one of these reports and every one of the subjects investigated were of a specific nature: arts and sciences, the Massey report; the inquiry into radio which resulted in the C.B.C.; the customs scandal in connection with the Department of National Revenue some years ago; the inquiry into the operation of railways, and again into the feasibility and desirability of the Saskatchewan river project. All these were of a specific character, and the house generally approved of these commissions. But, as I said before, last week we were discussing something of a general nature, but today we are discussing something that is quite specific.

I listened with care to the leader of the opposition and to the Minister of National Defence, and I noted the defence that the minister made of some matters that had been under discussion and criticism in this house and before the committee. For example, I noted that he spoke of the rate of loss by fire among the civilian population of the country and among the military. I did not think that that argument was a particularly sound one, because after all in civilian life buildings, equipment and so on are not under constant supervision and constant patrol, which I understand is undertaken by the military in their warehouses, storehouses and so on across the country. Consequently, we should expect that the fire hazard in military establishments would be very greatly minimized by the constant patrol and supervision that exists. After all, $85,000 loss in theft and looting in two years is a very considerable amount, particularly if you look at it in the aggregate, but even if you break the amount down to losses of $3,500 a month or thereabouts, it is a considerable amount.

Mr. Claxton: $50,000 of that was at Petawawa.

Mr. Coldwell: Yes; at Petawawa. That is a very considerable loss. Then the comparison made again with civilian thefts and thefts in military establishments is one that strikes me as not being particularly sound. We have always thought of the military as being under constant regulation, constant inspection and so on, and that care is exercised when supplies are drawn, or anything leaves the military camp; therefore we would expect that again thefts at Petawawa and at other camps would be minimized in that way.

I want to say this to the minister. The department and the minister may be right, but the thing is that the people must be assured that the minister and the department are right. At the moment, anyone who travels across this country will realize that the public putting up this vast sum of money for defence at the present time are not convinced that everything is right. It is true that the leader of the opposition used the estimate of $2,500 million. The minister answered that that was an exaggeration. Whether it is $2,500 million or not, it is $2,106 million, which is a very considerable amount of money to be dealing with.

I hold in my hand the estimates of the departments of national defence for the United Kingdom for the year 1950-51, not

the current estimates. As hon. members will see, they consist of three volumes, the army estimates, 196 pages; the naval estimates, 304 pages; the air force estimates, 229 pages. Though the printing is somewhat different, and therefore the amount of printing probably in the books which I hold in my hand may not comprise as many items as a similar number of pages of our estimates do, yet I would point out that in our estimates this year there are only 14 pages of explanatory notes. In every one of these volumes you have the estimates, and on the opposite page there are usually explanatory notes of what the estimates involve. Possibly that does account, to some extent, for the fact that the debate in the House of Commons at Westminster is rather more restricted than the debate in our parliament in Canada regarding such estimates.

I want to say to the minister—and I am not going to labour the point this afternoon—that in my opinion, in the interests of the department and in his own position as minister, I believe the government would be well advised to accept the proposal involved in this amendment and to give the people of Canada the assurance that there is nothing fundamentally wrong with the administration of the Department of National Defence at the present time.

I have said before that when I have been moving across this country I have heard many criticisms of what the ordinary man considers to be lack of supervision, extravagance, the tremendous movement of men on the trains, and so on. We hear the railway men discussing that matter quite frequently. They see cars around being used for all sorts and kinds of purposes, or at least people think they are being used for all sorts and kinds of purposes. That also leads to a considerable amount of criticism. Then of course, we have these recent cases of fire, theft and the disappearance of public property. When you put them all together they make a very impressive loss in the mind of the average person in our country.

I take it all hon. members in this house want the people of Canada to feel that in making these vast expenditures—and they are vast—for the defence of our country, and, as we sometimes put it, for our way of life, great care is taken to see that every dollar that the people of Canada are asked to provide shall be carefully and economically expended. That I think is the duty of this parliament, since the question has been raised, not only here but all across the country, as to the efficient organization and administration of the Department of National Defence. As the leader of the opposition (Mr. Drew) said, a similar royal commission was appointed many years ago in the United Kingdom to inquire into phases of government administration and organization. I believe the government would be well advised to accept this present suggestion of a specific nature, and the house would be well advised indeed to support the amendment now before us.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I hope the hon. member for Rosetown-Biggar (Mr. Coldwell) will not be embarrassed unduly if I say that I agree with almost every word he said.

Mr. Coldwell: Not this time.

Mr. Macdonnell (Greenwood): I am not going to enter into a battle of decimals with the minister. I listened to his decimals and I am not going to enter into that. Incidentally, the comments made by the hon. member for Rosetown-Biggar on that comparison were very sound indeed for the reason he gave. Surely a closely knit unit like military forces should be able to have supervision of a type which we could hardly expect in ordinary civilian life.

The reason I am on my feet is to stress—again I quote the hon. member for Rosetown-Biggar—that it is not only necessary that things should be right; it is necessary that the people believe they are right. There is no question whatever but that up and down this country there is not only a feeling of alarm and disturbance at the present time that we have to find this huge amount of money; there is a feeling that this money is easily come by, so far as the armed forces are concerned, and is not being husbanded as it might be.

I want to be as fair on this as we can ever be.

Some hon. Members: Oh, oh.

Mr. Macdonnell (Greenwood): I mean as fair as we can ever be to each other in this house. Let me be very specific. There is no doubt that it is extremely difficult to control the expenditures of the armed forces. Economy is not in their minds. I think there is another thing besides supervision that is needed; we need example. In saying that I am not one whit behind my leader in the praise he gave to the heads of the military services, but I do say there is a feeling abroad that money is spent on the armed forces in a way it is not spent on anyone else. I am speaking of those in offices.

I had a letter the other day from a civil servant who said that a military officer of not very high rank lived a few doors from

him and he saw a car come to fetch him every morning. I am not informed, and perhaps we may be, as to what level of rank a man must reach before he becomes entitled to a car. There may be perfectly proper cases, but I have a feeling which I think is widespread that cars in the army are easy to come by. When I was in the army myself I used to be very uneasy at the way people floated about the country in cars, but it was more excusable then, in wartime, than it is now.

We have this proposal before us. I would be better pleased to vote against this motion because I do not like the idea of royal commissions. I think we should usually deal with matters like this within the four corners of this house. However, if we are honest with each other I think we must admit that when you have a committee with its inevitable government majority you cannot have the same free and detached and unhampered discussion that would be possible with a commission. It seems to me we are just fooling ourselves if we pretend we can. That is not said with any desire to be critical of anyone; it is simply that when you have a thing of this kind you may as well face that reality.

What are people feeling? What is the ordinary man feeling about these expenditures? He cannot have any opinion when you show him an item for $90 million for ships, or for hundreds of millions for aeroplanes, but when it comes down to some of the smaller things he can understand them and I think he becomes uneasy. I apologize for bringing up this matter again, but it just happens to be something that came to my attention. I refer to the order for serving forks. I simply want to bring to the attention of the house the manner in which this was dealt with.

So far as I can discover there is nothing to indicate that the department was in any way embarrassed when it found out that it had made a ridiculous request. In a moment I will read the answer I got in this connection. Secondly, nothing has been said to suggest that anyone was disciplined or reprimanded or that anyone felt there was anything that required disciplining or reprimanding. As a matter of fact what upset me even more was the fact that I was informed —I am afraid you will have to take my word for this because I cannot quote my informant —that very high up in the department the whole thing was pooh-poohed. Somebody said, "That cannot be true." That made me out to be either a very gullible fellow or a liar, and I do not want to be either.

[Mr. Macdonnell (Greenwood).]

Let me give you the simple facts with regard to that contract. The amount involved is trifling compared to the millions and billions we are spending, but if this is an example of the way they are dealing with these larger things then all I can say is that the people of Canada have every right to be uneasy and that they should have some kind of independent inquiry. In December last I brought to the attention of the committee— I suppose I may just mention that a committee existed—the fact that some 63,000 serving forks had been ordered. Serving forks are described as the forks used by cooks in roasting meats and also in dining halls for the serving of meat from platters. I am not getting on to forbidden ground beyond that and I hope you will not call me to order.

On the order paper last December there was a correction; the 63,000 was corrected to 42,000, I think. Then they had another look at it and I got an answer. It took only four months to prepare. This was not one of the cases where they were very prompt, but no doubt there was a reason. After all it was only an inquiry from a member of parliament. The answer was as follows:

An order has been placed by the Department of Defence Production on behalf of the Department of National Defence for 14,500 serving forks.

The total quantity is made up of 10,000 for current use by the army based on an actual issue of 4,500 in 1951—500 for the Royal Canadian Navy and 4,000 for mobilization stockpile.

I still believe that the 14,000 should have at least one zero knocked off, or perhaps two. I am told that a large hotel would use only a score or two of these forks. I am disturbed when you probe and find a soft spot like that. So far as I know after four months nobody seems disturbed about it. True they have reduced it to 14,000, but I still think that that is ten times or one hundred times too many.

However, let us assume that it is 14,000. They came down from 60,000 to 40,000 to 14,000 and as far as I know no one has been criticized. While that may seem a trifling thing it gives me a disturbed feeling about the whole affair. We hear all kinds of rumours. The air force is full of them. It is not a rumour but a fact that 20,000 trunks have been ordered. We do not ordinarily have trunks in the army.

Mr. Claxton: Yes, every man has a trunk.

Mr. Macdonnell (Greenwood): Well, that is all right if every man has a trunk.

Mr. Claxton: A box at the foot of his bed.

Mr. Macdonnell (Greenwood): We will pass over the trunks. I am not an expert on trunks. I apologize for bringing up another humble ordinary utensil of the kitchen. The

other day I brought up the question of the ordering of between 29,000 and 30,000 teapots; two-quart teapots, not just little ones. I do not know whether that is reasonable. It does not seem so to me. I am not so sure about that as I am about the forks but it seems a lot unless the Canadian army is a tremendous consumer of tea at a rate of which ordinary people would not be capable.

I must not take too much time, but we also have the question of boots. We have 1,304,000 pairs of boots, which seems a lot. Maybe that is stockpiling, too. I offer no comment except to point out the large amount involved.

The other thing that I think is disturbing the people is the reports of losses by theft, and in this case the figures differ widely. The minister gave us what seemed a fairly conservative figure. I was struck by the figure he gave us the other day with respect to Farnham. As I recall it he said the loss was $3,500 after what was recovered was taken into account. I am assuming—if I am wrong I will be corrected—that is not worked out on the basis of what we originally expended at Farnham, but that there was a liberal writing down due to the passage of years, which I think would be reasonable to a point. On the other hand I have the feeling that it is very easy for a court of inquiry to fix the value of something that has been lost at a very small figure. As to the incidents now before us, that of Petawawa is before the courts, and we have heard a lot in the committee which I must not mention about the sacred principle of sub judice. Apparently we cannot talk about that without being put in jail, but the minister actually talked about it on April 21. I should like to recall what he said at the time Mr. Currie's appointment was announced. Speaking of the select committee the minister said, as found at page 1424 of *Hansard*:

> In conclusion I would like to add that if in the course of its work the select committee on defence expenditure would like to look into the stockkeeping, accounting or auditing procedure, or any other matter relating to its work, on the spot and anywhere, all facilities will be provided.

Apparently in our simplicity we read that all wrong. We thought that meant we could inquire and get information with regard to Petawawa and other places, but apparently we were wrong. The court of appeal in the committee that I must not name was against us. Actually—and here I wish to speak with restraint—it seems that we have to spend most of our time in a very pleasant discussion about abstract matters of accounting with a lot of details as to what has happened under the system of accounting, but we find difficulty in coming to grips with the cases where it would seem that the system has most obviously broken down. I am not going to pursue the matter further. I repeat what I said at the outset, that I think the people of Canada are disturbed about this matter and that though I greatly regret to have to feel obliged to vote for the motion nevertheless it seems to me for the reasons I have tried to give, and those which the hon. member for Rosetown-Biggar (Mr. Coldwell) gave in addition to those given by my leader, that this measure, unusual as it may be although there are many precedents for it, is warranted at the present time.

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, the Minister of National Defence (Mr. Claxton) and his parliamentary assistant are both friends of mine. Nevertheless I believe this is the time for me to voice my opinion about certain matters pertaining to the expenditure of taxpayers' money by the Department of National Defence. The minister commented on certain statements of the leader of the opposition (Mr. Drew) and compared losses by fire in military camps with civilian fire losses. Such a comparison would seem to me to be almost ridiculous. We all know that in civilian areas there are children and old buildings with worn-out electrical wiring systems, whereas the defence installations are new construction with new wiring systems. There should also be a constant patrol of military property by guards. I do not think the minister should have made a comparison with civilian losses from fire, because it is not appropriate at all.

We of the opposition know that it is our duty to guard the taxpayers' money whenever possible by bringing to light what we believe to be maladministration of the people's affairs in the Dominion of Canada. That is our duty. We are not trying to run the government. We are trying to show the government where they are not running the people's affairs correctly. I should like to refer to a particular incident. The leader of the opposition mentioned looting, but I want to refer to something that I would describe as looting on a large scale. It has never been mentioned so far, and in my opinion it constitutes looting on a large scale.

A week ago some buses full of young girls and boys pulled up in front of the parliament buildings. Upon inquiry it was learned that these young girls and boys came from a small town, a beautiful spot I understand, in the province of Ontario. They were transported a distance of 185 miles to the parliament buildings and back at the expense of the taxpayers of Canada and with the full knowledge of the Department of National Defence, which is trying to run a war in Korea and trying to provide implements of war, soldiers,

sailors and air force men in an attempt to bring about peace. I want to show how far the government is going with the taxpayers' money.

The press is a pretty mighty weapon in Canada, and I hope the people of Canada will learn that their money is being spent in this manner. I asked certain questions of the Department of National Defence. The first one was:

For what purpose were army bus 103, licence No. 6011F and army bus 105, licence No. 6115F used on the 2nd day of May, 1952?

The answer I received was:

Transporting royal Canadian army cadets of Finch high school, Finch, Ontario.

That would be fine if these buses did not belong to the taxpayers, but wait till I read the other questions. The second question was:

Were they used out of Ottawa on the 2nd day of May, 1952?

The answer is "Yes", with no hesitation about it. They were used out of Ottawa. The third question was:

If so, what trips were made and what was the total mileage?

The answer is as follows:

From Finch, Ontario, to Ottawa and return. Total mileage on each bus was 185 miles.

The expense of travelling 185 miles with army men as chauffeurs was paid for by the taxpayers.

Wholesale looting!

Then question No. 4:

At whose request were such trips made?

And the answer:

Headquarters, eastern Ontario area, Kingston, Ontario.

Whom have we in Kingston or any other part of Canada who should make a request to Ottawa to pay for the transportation of these young men and women spending the money of the taxpayer to tote them back and forth, to and from the capital of Canada? Who are these people? Then question No. 5:

What were the nature of the military duties on which they were engaged?

And this is the answer—and just listen to this, for "military duties"—

Visit war museum and House of Commons.

On that basis, every American tourist is a soldier. It would seem that we are trying to train them how to defend our country by having them visit the House of Commons or, as it says, "visit war museum and House of Commons". Well, that must make a veteran laugh, when he feels that he must be encouraged to support his country, both in peace and war, by being toted up and down to the parliament buildings of Canada and to the war museum, where they have on display exhibits from the past two horrible wars.

What a training scheme! There was not a man in uniform either in the first great war or in the last one who ever needed to be taken to Ottawa and shown the war museum before he was prepared to get into uniform. He had a job, and he did it well. No man needs that kind of training, mentally or otherwise. Looting!

Then question No. 6:

Was any charge made for the use of the buses for such trips?

And what is the answer? It says, that no charge was made. No charge was made—except the charge I am making right now. And then, coming to question No. 7:

Are similar arrangements to those made in this case available in every part of Canada?

And question No. 8:

If not, what are the conditions under which applications for such arrangements must be made?

And just listen to this silly, nonsensical answer:

Transport to assist in carrying out training programs is provided for royal Canadian army cadets in all parts of Canada where it can be made available.

This, it says, is to assist in carrying out training programs. And the training program in this instance was a visit to the House of Commons, by a group from a Liberal member's constituency—free of charge—except on the taxpayer. Looting! Looting! That is another word for it. It will be noted that question No. 8 says:

If not, what are the conditions under which applications for such arrangements must be made?

As part of a joint answer to questions 7 and 8 we find the statement that where it is possible these facilities will be made available.

I come from a grand part of this country the county of Simcoe and the town of Collingwood, as well as Barrie, Ontario. I know those thriving and prosperous municipalities. I do not know what the answer would be if I were to ask the department this question: Would you transport the high school students of my area down here to Ottawa, to see the parliament buildings and the war museum?

An hon. Member: And the member.

Mr. Ferguson: Well, they could learn a good deal from the member and so could you, if you would only listen, regarding your duty to the taxpayers.

Now, if that is not wholesale looting and unmitigated gall on the part of this government, then I have never heard of it. I only hope that members will make this known

across Canada so the people may judge for themselves, and see where their defence money is going. I will admit that there may be some in the army and some civilian personnel who may stray from the narrow path and appropriate to themselves property which does not belong to them. But this is not done by men recruited in the armed forces. This looting is not done by civilian personnel. This is done with the authority of members of the House of Commons. This is done with the authority of the government. This is done by Liberal politicians. And I challenge the government to show that it is not wholesale looting, and absolutely unnecessary expenditure.

I do not think any member would rise in the House of Commons and say to any prospective soldier that he would be permitted to tour the parliament buildings and the museum at the expense of the taxpayer. I believe a trip through the museum would be enough to prevent anyone volunteering for the armed forces. These expenditures are one reason why the people begrudge paying taxes to support this government's defence program. To see the results of war, its devastation and destruction, would not encourage recruiting. The people know that defence expenditures have to be made if their freedom is to be preserved; but this kind of expenditure has nothing to do with the preservation of freedom.

Members of the House of Commons: in my opinion that is gross, flagrant and callous looting by this government, with the full knowledge of its supporters, of the taxpayers' money. When we need so badly every cent to defend this country, in the interests of peace, I resent this expenditure, even though it may be a small one, on free transportation. But in the midst of all the gross, flagrant and nonsensical expenditures, this one shows conclusively that the government has an utter disregard for its duty towards the taxpayer.

Mr. E. T. Applewhaite (Skeena): Mr. Speaker, I have very little intention of following closely the remarks of the hon. member for Simcoe North (Mr. Ferguson) who has just taken his seat, the volume of whose effort did not conceal successfully the lack of material behind it. But I would extend to him our sincere thanks for one valuable contribution he made to the debate. At last we know what the opposition means by the word "wholesale". Apparently a wholesale raid upon the treasury of this country is one which involves the cost of a bus trip from Kingston to Ottawa. Apparently that is a wholesale raid.

I was more anxious to speak concerning the remarks of the hon. member for Greenwood (Mr. Macdonnell) who said, and I think rightly, that one of the main points today, particularly in regard to the administration of the Department of National Defence, is not only that it should be done right but that the country should feel that things are being done right. In other words he pointed out that there should be at least a reasonable measure of confidence in our armed forces and their administration across this country.

The hon. member for Greenwood indicated that in his opinion that confidence did not exist today to the extent it should. If there is a lack of confidence today in the Department of National Defence, what has brought about that lack of confidence? It certainly has not been caused by the way the men in the armed forces have met any task to which they were assigned. I doubt very sincerely whether any such lack of confidence has been caused by the way in which the average—and I define "average" in this instance as 99½ per cent—civil servant in the employ of the department has carried out his duty. If such a lack of confidence exists in this country today, it is largely because certain people have made sweeping statements and resounding charges without any factual data to back them up.

Now, Mr. Speaker, I do not wish to overstep the rules of the house. I understand from Beauchesne at page 104, citation 246A, that a member may not refer to any debate of the same session on any question not then under discussion. The question of the so-called wholesale looting in the Department of National Defence I submit is now under discussion, and I trust that I may have the right to refer to debates dealing with this specific subject at this session.

Before I do that, I was talking about the cause of possible lack of confidence in the Department of National Defence. I place the blame for that lack of confidence, if it is growing, squarely at the door of the opposition in this house. I would say to the opposition something that they know. If they choose to start a concerted attack upon any department of this government based on sweeping statements and little data and keep it up long enough, they will be—perhaps they will—able to arouse across the country a feeling that something is wrong in that department. It is well known that if you keep on attacking, particularly if you hint or insinuate without producing the type of factual data required to establish a charge, you can arouse a lot of doubts in the minds of a lot of people.

I believe the hon. member for Greenwood (Mr. Macdonnell) this afternoon gave an outstanding example of that when he said

quite frankly that a certain matter of forks was, and I quote, "a trifling thing". Knowing that it was a trifling thing he has brought it to public attention time after time. I would suggest to him that if he has urgent matters of major criticism against the Department of National Defence he should find something other than what he himself terms a trifling thing. Do hon. members opposite think they are assisting in building up confidence while they pursue tactics of that sort?

I referred to sweeping statements and resounding phrases without factual data, and unless I am stopped, Mr. Speaker, I wish to quote the words of the leader of the opposition when he was discussing this subject on April 21, and which are to be found on page 1425 of *Hansard*. If he so desires I will read all of what is in that column, but I particularly wish to point out the following: The leader of the opposition referred to...

> . . . the accounting methods, of the Department of National Defence, the laxity of which has been revealed by the wholesale looting of military property, and by continuing incidents such as:
>
> (a) the looting and disappearance of the Farnham military centre down to and including the buildings, disclosed as early as December, 1949:

Paragraph (b) was not quite so sweeping, but paragraph (c) reads:

> The theft by carload lots of hundreds of tons of supplies including such military equipment, according to press reports, as a baby tank;
>
> (d) The theft of property at various military establishments throughout Canada, with the revelation that officers had been ordering men under their command to assist in acts of theft and fraud:

I should like to read that one again.

> . . . the revelation that officers had been ordering men under their command to assist in acts of theft and fraud.

If that is not so worded to try to indicate to the country that such ordering was a matter of common practice, I do not know what it does mean.

Paragraph (e) reads:

> Fraudulent government inspection of military property;
>
> (f) The outbreak of incendiary fires in military storehouses, significantly timed in such a way that they could have hidden the extent of any looting and thefts which had taken place in these storehouses.

Let us look at paragraph (f) for a moment. It refers to the outbreak of incendiary fires, plural, in military storehouses, plural. As long as statements of that sort, in that type of terminology, are made by people whose very position entitles them to the ear and attention of this country, how can some people get up and say they hope this country will have confidence in that particular department of government while they deliberately tell the country, by their actions today, that in their opinion things are so bad we need a judicial inquiry.

[Mr. Applewhaite.]

An hon. Member: That is right.

Mr. Applewhaite: Someone says "that is right". That is their opinion of the Department of National Defence, but it is not my opinion and it is not yet the opinion of the country. This country is not going to be carried away by a lot of sweeping statements for which, although plenty of time has been allotted, no supporting evidence has been forthcoming.

My good friend—I wish he would not stay out when I am speaking—the member for Greenwood referred, in terms that were intended to be sarcastic, to the stockpiling of certain items such as boots. It is not so long ago that it was being suggested by those who politically are not favourable to this government that we were not taking a serious enough view of the world situation; that we were not prepared. In other words either we did not know our duty or if we did know it we were not doing it. The Department of National Defence now decides to stockpile certain goods so that, if what we hope will not happen, does happen, and some serious outbreak occurs, we shall be ready to mobilize immediately. The department stockpiles and is then accused of extravagance. You cannot win. If you do not buy these goods you are lax, and if you do buy them against the time when you may need them you are wasteful of the country's money.

Mr. Ferguson: Forks.

Mr. Applewhaite: I do not think anyone, despite the fact the member for Simcoe North finds it hard to restrain his impatience—

Mr. Ferguson: I cannot understand how a kitchen fork is a good implement to fight a war with.

Mr. Applewhaite: It is very difficult for me to hear the member's interruptions if I keep on talking. I do not think any member on this side or the other side of the house has any desire to whitewash the Department of National Defence or any other department. I should be very much surprised if somewhere within the Department of National Defence there are not weaknesses, if somewhere things have not been done which should have been done. I hope we can locate them, but I am not of the opinion, and I do not think the house is, that the Department of National Defence is in the situation today where we should tell the country there is nothing more parliament can do about it, that we have to have a judicial inquiry. In fairness to our armed forces, in fairness to our very public-spirited and hard working citizens, both classes of which are vital to the opposition as well as to us, and in fairness

to the minister himself, I should certainly hope this amendment will be voted down.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I will detain the house but a few moments. I have listened with interest throughout the afternoon not only to the remarks made by the leader of the opposition (Mr. Drew) and particularly those by the hon. member for Rosetown-Biggar (Mr. Coldwell) but also to the considered reply given by the Minister of National Defence (Mr. Claxton). No one wishes to undermine confidence. No one wishes to raise issues that ought not to be raised. But the events of the last few weeks are the answer to the Minister of National Defence when he says that all is well and nothing needs to be done.

Some hon. Members: Oh, oh.

Mr. Claxton: Mr. Speaker, I did not say anything of the kind.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Mr. Speaker, possibly for once I could have just a little bit of order.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Mr. Speaker, I do not mind the aimless interruptions; but I sat here this afternoon and listened, and asked but one question. Apparently what I am saying does not please the eggshell sensibilities of some of my hon. friends. But what I have to say is going to be said just the same. I think the Minister of National Defence would have welcomed the opportunity for a judicial investigation. I am one of those who, throughout the years, have stood most firmly against royal commissions composed of judges unless there is no other means to investigate matters which in any way might be termed political. I have taken that stand throughout the years. But I cannot see that there is any means other than a royal commission available to clear the situation in this dominion today. Certainly a committee of parliament will not do it. I have sat on some of those committees. Whenever a matter arises that in any way might cause any political repercussions as against the government, one can be sure that the matter terminates as soon as it is raised. Furthermore, committees of parliament are meaningless, for the majority simply passes on the situation; they make the report, and no minority report is allowed. A committee of parliament meeting on this matter could have its result predicted even before it commenced to sit. With no minority report allowed, the application of a coat of whitewash would be the inevitable result of any committee.

Passing on from there, what other method could be followed? The government has seen fit to have the matter investigated by Colonel Currie. It does not regard the situation as very serious for it appoints a man to investigate while at the same time allowing him to go on vacation or go away on other business while the investigation is taking place. A few days ago I asked a question with regard to this matter. The answer is not forthcoming as yet, though the minister today pointed out that the man who is to investigate, who is to be the spearhead of the investigation, has left the scene or the place where the investigation is to take place. It is all very well for the minister to say that while he is away things are going to be done. That is not what he was appointed for. He was appointed to direct the investigation. He was appointed to be the conscience of the minister; for the appointment is made under the section of the Defence Act that has no reference whatever to the making of appointments of investigators or of commissions to investigate. The minister says: All is well; we have the most perfect accounting system; there is no reason at all why anything should be done.

Mr. Claxton: The minister never said anything of the kind.

Mr. Diefenbaker: Well, that is the implication.

Some hon. Members: No, no.

Some hon. Members: Yes.

Mr. Deputy Speaker: Order.

Mr. Diefenbaker: Mr. Speaker, that is my interpretation.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Mr. Speaker, could you call for order while I proceed for a moment or two? The minister says there is no need for a judicial inquiry into the organization, and in particular to investigate the accounting, inspection and administrative supervision of public property by the Department of National Defence. I simply bring to the attention of the house the evidence that was brought out the other day to the effect that in the fall of 1950 various supplies at Petawawa were removed. These are not the kind of things whose disappearance is not noticeable. Let me mention a few. One hundred and nineteen heavy kitchen ranges disappeared in the fall of 1950. This accountancy system did not find out about it until 1952. Fourteen to twenty stove heaters, a scale, 50 steel drums and 50 shower stalls also disappeared; and they did not find out about the scale for a year and a half under the accountancy system now in effect in the Department of National Defence. Let me point this out. The Fairbanks-Morse weigh scale with a capacity of approximately 20,000 pounds—

Mr. Rowe: It was the best accountant of all.

Mr. Diefenbaker: All I can say about the investigation is that it was sieve-like. All I can say about the accounting method in a military camp which allows the disappearance of a great scale such as that is that it reveals the lack of that supervision which the people of Canada today have a right to expect, with the hundreds of millions of dollars that are being spent on defence.

Let me proceed from there. Another witness said that he helped to load two or three railway cars with 52 box stoves, 38 ranges which weighed about 3,200 pounds each, and many lengths of old pipe. One can understand the disappearance of the old pipe. Also another helped to load parts of a railway. Rails 28 to 30 feet long were removed from the camp.

Mr. Claxton: Mr. Speaker, I rise on a point of order. If the hon. member is to be allowed to refer to a matter that is sub judice at Petawawa, may we reply to it?

Mr. Diefenbaker: Mr. Speaker, there is nothing sub judice in this matter, I submit.

Mr. Deputy Speaker: Order. If the matter is sub judice, neither the hon. member for Lake Centre (Mr. Diefenbaker) nor anyone else may refer to it at all.

Mr. Diefenbaker: That is true enough, Mr. Speaker. I know that. But the question of the lack of supervision is not sub judice and that is what we want to make sub judice by the setting up of a royal commission. All that is sub judice is the fact that certain people are charged with the theft of these things and with receiving stolen property. I am not dealing with that matter. I am dealing with the fact that these things could happen, that the articles so far referred to were removed from the camp, and that this is the magnificent supervisory system which the minister tells us took one and a half years to find out about their removal. Is there any wonder that Colonel Ross found it necessary, in his letter of instructions to the western command, to say this:

> The adjutant-general has expressed sincere concern at the apparent laxity revealed by the current scandals at Montreal and Petawawa.

He called them scandals, and the minister said it was a letter he agreed with. I continue:

> The trials resulting from these episodes may bring substantial penitentiary sentences to guilty parties.
>
> However, such action will not necessarily redeem lost confidence—

Then he goes on to say what in his opinion should be done, and that is the issue here. The fact is that what happened at Petawawa, what happened at Montreal, what happened in British Columbia, was during the time the minister took the stand that the supervisory system and the inspection facilities were what they should be. It is because these facts have come to light and the army, under the direction of the minister, has not been able to do anything to prevent them that we ask for the judical inquiry.

Mr. Claxton: Who brought them to light?

Mr. Diefenbaker: They were brought to light one and a half years after they took place. They were brought to light because the wife of one of the soldiers revealed them. And after they were so revealed, then the minister and his staff, this supervisory staff of which he speaks, finally went to work.

Mr. Rowe: And the members say you should not talk about it.

Mr. Abbott: When are you going to make your speech?

Mr. Rowe: Any time you want it. I should like to hear you, too.

Mr. Deputy Speaker: Order.

Mr. Diefenbaker: The minister's attitude is that no matter what is revealed, if there is any criticism it is improper. He regards this as a personal affront. The people of Canada are not concerned about what he regards as personal affront. They have a right to know what happened at Petawawa, what happened at Montreal and what happened in these other camps, and they are concerned as to whether it will happen again. They are concerned in knowing whether there has been laxity and inefficiency.

I have come to the conclusion, undesirous as I am of seeing royal commissions set up, that there is only one thing that can possibly clarify the situation, and that is a judicial body charged with the responsibility of ascertaining whether the accounting, inspection and administrative supervision is what it should be, to the end that Canadians will be reassured. I would have thought the minister would grasp at the opportunity; for if there is nothing wrong, if there is no justification for the criticism that is being made, a judicial body would clear it up; every alleged wrongdoing in the matter of supervision would be seen in its proper light, and any suggestion of a lack of confidence in his department would be removed.

Let there be an investigation. The events of the last year and a half indicate that an investigation is long overdue. I base my opinion on this fact, if on nothing else; that when the government has all these administrative officials in the Department of National

Defence, and a scale disappears, and a portion of a railroad disappears, and all of these other things disappear, that today are being considered in a trial; when these things can disappear and not be found out by the present supervisory system, then there is something radically wrong somewhere. A judicial investigation would determine whether or not there is reason for the lack of confidence I believe the Canadian people as a whole have today in the supervisory administration in connection with defence expenditures.

Mr. Solon E. Low (Peace River): Unfortunately I was not able to be in the house when the minister spoke in reply to the speech of the leader of the opposition. I was called out for another meeting, and therefore did not hear what the minister had to say. But I did hear what was said by the leader of the opposition in moving his amendment. I heard most of what was said by the leader of the C.C.F. party and by all those who have spoken since.

When a similar motion was moved in this house a week ago I indicated my support of it. I have no reason to change my mind because of what I have heard this afternoon in the discussion of this amendment; but I am tempted to say just a few things, Mr. Speaker, that have occurred to me as a result of listening to the speeches made this afternoon. I am quite sure any fair-minded person would not charge that the opposition hunted up and made public the discrepancies in the stores at Petawawa. I never heard of any of the members on this side of the house having done so. The first we learned of this theft at Petawawa was what we read in the press, and because of the fact that we had read it in the press we became interested, just as the ordinary citizen across the country would become interested, and we thought it our duty to raise the whole question in the house and ask for some inquiry. Now we are being charged with trying to undermine the government.

Well, Mr. Speaker, if the people of this country are losing confidence—and I suggested even last week that I thought they were—it is not because of anything that the opposition has done. It certainly must be because of something the government has left undone, and I do not think there is any way of arguing around it. It is perfectly true, and I say this for the particular benefit of the hon. member for Skeena (Mr. Applewhaite), that the members of the opposition have done their level best to induce the government to have a judicial inquiry into all the things that have been publicized across the country, and which came to be known by the people some time before the members of the house had it in their possession. Therefore I cannot see, Mr. Speaker, how any hon. member can charge that we are merely trying to undermine the government.

Of course everybody knows that one of the ancient and honourable political pastimes is to try to undermine the government; but that is not the thing we are trying to do in asking for the inquiry that has been asked for in this amendment.

Mr. Knowles: They do it themselves.

Mr. Low: Yes; they do it themselves. We did not burn down the depot here in Ottawa, although to listen to the hon. member for Skeena you would think we were being charged with having done so as a means of undermining confidence in the government. We did not tear up the railway track up there and sell it to secondhand dealers. We did not get rid of those stoves we heard about, and I did not see any of those serving forks that the hon. member for Greenwood (Mr. Macdonnell) mentioned. We merely came into possession of certain information which we feel it our duty to follow up.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Low: Mr. Speaker, when the house rose at six o'clock I was in the process of discussing the statements which had emanated from the Liberal side of the house to the effect that the opposition were doing their level best to undermine the government and create throughout the country a lack of confidence in the government. The general charge seems to be that we on this side of the house concern ourselves almost entirely with small things which we magnify into large things and try to make the people of the country believe that everything is rotten in Denmark when it is not.

I was in the process of saying to the house that it was not the members of the opposition who tore up the rails at Petawawa. It was not the members of the opposition who burned down the ordnance depot. None of us on this side of the house got away with any of the numerous stoves that were taken from somewhere and sold. I do not see any loot and I deny any complicity in the plot.

Mr. Graydon: Take your hands out of your pockets.

Mr. Low: I take my hands out of my pockets so I can speak both with my hands and voice. When the hon. member for Skeena

(Mr. Applewhaite) made the statement he did this afternoon I felt quite sure that he must have overlooked completely the implications contained in a certain letter spoken about by the leader of the opposition (Mr. Drew) when he introduced the amendment this afternoon. I understand that this letter was admitted by the Minister of National Defence (Mr. Claxton) as having gone out from Colonel J. S. Ross, officer in charge of administration, western command, to the heads of branches of staff, to the heads of services and to units, subunits and detachment commanders.

Just to refresh the memory of the hon. member for Skeena and others who are inclined to charge that members of the opposition spend their time carping and magnifying little things into big things with the object of undermining the government and creating a lack of confidence in the government on the part of the people, I should like to say to the hon. member that in his letter Colonel J. S. Ross made statements indicating concern at the apparent laxity revealed by the current scandals at Montreal and Petawawa.

I have not heard of Colonel J. S. Ross being a member of the opposition in this house. He certainly is not now. He is a prominent commander in the army. He speaks in these terms, referring to scandals, concern, apparent laxity. He then goes on to say:

> However, such action will not necessarily redeem lost confidence in the army by the minister, the members of the house, the press, or the general public.

The confidence of the people across this country was lost as a consequence of those scandals, not as a consequence of anything we of the opposition have said. I remind the hon. member for Skeena and others who are inclined to pass this off lightly that Colonel Ross had other things to say. He said:

> There have been numerous incidents—

Not just one incident involving some serving forks which the hon. member for Skeena ridiculed this afternoon.

> —of a similar nature, all of which indicate a very distinct lack of higher level supervision.

Mr. Knowles: How high?

Mr. Low: As the leader of the opposition asked this afternoon quite pertinently, just how high does this lack of supervision really go? Colonel Ross goes on to point out to the commanders and unit officers across this country as follows:

> The most recent scandals involve officers and men in the sale of government stores and the appropriation of government stores for their own personal use.

Without carrying on too long with this matter, let me remind members on the government side of the house that it was not members of the opposition who went out across the country and attempted to magnify little things into big things to create scandals; it was the action or inaction of the government itself and it was certainly, as Colonel Ross said, laxity in supervision, even in high places. These things were taken up by the newspapers across Canada and were very properly carried to the people. If there has been a lack of confidence, and I claim there has been, it has been as a result of the incidents which came to the knowledge of the Canadian public through the press. It was not because of any effort on the part of members of the opposition to scandalize.

I think it is the height of hypocrisy for government members to charge that because there has been laxity, because things have gone wrong and there have been this long list of incidents and scandals, that when we on this side attempt to do our duty we are stooping to petty criticism and are making an effort to undermine the government. That in my judgment is the height of hypocrisy.

The words of certain officers in the army have tended to confirm the suspicions that have been in the minds of the general public for months past. I have already said that in time of peace when the government of any people of the numbers of the people of Canada collects over $4 billion in any year and attempts to spend half of it or more on defence, you can just put it down in your little book that a good many of the people of the country are going to be perturbed and uneasy and are going to want their members of parliament to be much more vigilant than they have ever been in the past. It is only because we are attempting to be vigilant that we bring forward such things as were brought forward by the leader of the opposition (Mr. Drew) this afternoon, an amendment to the motion to go into committee of supply asking for the appointment of a judicial body of some sort to hold an inquiry into the organization and so on of the Department of National Defence.

We want and are determined to do our duty by the Canadian people, but let nobody get the idea that because we do attempt to do our duty we are merely sweeping up the filth and the rot in an attempt to create scandals. That is not the point at all. I for one do not intend to try to take one little incident of any kind and attempt to magnify it. I am trying to look at the whole picture. I am trying to measure up to my responsibility to the people who sent me here. We are placed on the opposition side of the house just as you are placed on the government

side of the house. We expect to do our duty and discharge our responsibility to the people, but when we do let us not have the hypocritical cry that we are just doing it for the purpose of trying to create a scandal so we can cause the people to lose their confidence in the government.

I have already said there are certain means within the reach of the members of the House of Commons by which they can investigate things. The chief of those of course is the committee method, but in a matter such as this, the question of an inquiry into the Department of National Defence, its organization, its provision for control, its bookkeeping and all that sort of thing, the committee method simply would not yield results at all. I have already said that I believe the committee method would not and I have said why. Therefore I have not the confidence in the committee method of investigation that a lot of other people may have, particularly those on the government side of the house who would depend upon the government majority to see to it that a report was brought back not unfavourable to the government. That is not what we need.

I have already said in other debates that I think some sort of judicial inquiry should be held. I think the people of Canada would want such an inquiry, and I think the government owes it to the people to set their minds at rest. If there is no laxity why hesitate? If there is laxity it is about time we had a judicial inquiry so it may be made known to the people. If a government are not capable of exercising proper control over the people's property then they ought to be turned out. There ought not to be any confidence in them. If the government are so sure they are not at fault then let us have the judicial inquiry called for, place the facts before the people and let them be the judges. I for one intend to vote for the amendment because I think what we need is a thorough and continuing inquiry into the organization and administration of the Department of National Defence.

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I apologize for trespassing on the time of the house but because of a certain charge that was made this afternoon I feel some reply should be placed upon the record. The hon. member for Simcoe North (Mr. Ferguson) made the charge that a group of Finch high school students came to the parliament buildings and the war museum at the expense of the Canadian taxpayers. The charge was made in such language that I am sure after the hon. member has read it and knows the facts as I propose to put them on the record he will realize that the charge is no credit to him. The language used was something like this.

Mr. Ferguson: I don't know—

An hon. Member: Sit down and take it.

Mr. Ferguson: I will take it.

Mr. Chevrier: He said that the fact these students came to visit the parliament buildings in an army bus was looting, was wholesale looting, was spending the taxpayers' money, and in fact that on that basis every American citizen who came here was a soldier. Here are the facts for the hon. member's information and also for that of the house, because I happen to be in possession of them. The students who came here were eighty in number. They are members of the Finch high school cadet corps, one of the finest cadet corps in eastern Ontario. There were both young men and young women, all of them in uniform. They were under the command of Captain A. Egan. They are affiliated with the Stormont, Dundas and Glengarry Highlanders, and I need not give the record of that regiment.

Mr. Ferguson: That is no answer.

Mr. Chevrier: They have been in existence for five years and have been affiliated with the S. D. and G. Highlanders for the last four years.

Mr. Ferguson: Fine.

Mr. Chevrier: Over and above that, there also came to Ottawa to visit the same parliament buildings and the same war museum the Avonmore cadet corps, which is also in the constituency of Stormont which I represent in the house, and which has been successful in obtaining a number of outstanding trophies for its proficiency in cadet corps work. That group travelled in the same kind of bus as the Finch high school cadet corps. They too are affiliated with the S. D. and G. Highlanders. When they came into the house they sat in the gallery wearing the tartan and kilt and received an ovation from the house. After the orders of the day they were spoken to by the leader of the opposition (Mr. Drew) who commended them for their appearance and efficiency. He spoke very highly of them. Furthermore, their commanding officer, Captain Powell, has now left or is about to leave Avonmore high school and, I am informed, has gone or will go to a high school in Carleton county in the constituency of the leader of the opposition. If he desires to bring the high school students here I am sure he will be entirely welcome and be perfectly free to do so. I should like to quote from a history of the Stormont, Dundas and Glengarry Highlanders which has just been written by Lieutenant-Colonel W. Boss and which was formally presented to the officers of the Highlanders no later than Saturday evening of

last week. In it he has something to say about the cadet corps and their participation in the eastern area command. It is as follows:

> Steps were now taken towards the affiliation with the regiment—

He is referring to the S. D. and G. Highlanders.

> —of all cadet corps established in the area. The Cornwall collegiate and vocational school cadet corps had been allied with the regiment since 1927, but now those organized at the high schools in Alexandria, Maxville, Williamstown, Morrisburg, Chesterville, Avonmore and Vankleek Hill, and the Cornwall public school cadet corps were added. This policy had a twofold advantage. The battalion's full-time instructors (A. & T. staff) were made available with weapons, carriers, etc., to help in the cadet training. There was a platoon or company headquarters in each place where there was a cadet corps, so when the youngsters came of age they were fairly well qualified to either join the battalion or enlist direct into the arm of their choice.

I also add that affiliated with the S.D. and G. Highlanders are two other high schools in the constituency of my hon. friend, the hon. member for Grenville-Dundas (Mr. Casselman). They are Morrisburg and Chesterville. I am sure these high school students, these members of the cadet corps, if they desire to make a requisition—and if they have not already made it—for a visit to this parliament, will be treated in the same way as the high school cadet corps of Avonmore and Finch.

Mr. Ferguson: I still think it is wrong. It should not be allowed. You have no right to do it, either.

Mr. Chevrier: My hon. friend says he still thinks it should not be allowed. Well, I do not think it is in his judgment to determine that. He may have the right to rise in the house and criticize it, but I should think it is in the judgment of those who command these young men and women, and particularly in the judgment of the area command at Kingston.

Before either of these two cadet corps came to Ottawa they sought the advice of their headquarters officer in Kingston, and made requisition upon the headquarters officer in Kingston who, in the last analysis, determined whether they should come; and they were given a permit to come, in that manner. So I think it ill becomes my hon. friend to rise and make the kind of charge he has made.

Mr. Ferguson: May I ask the minister a question? Has any commanding officer of any district the right to take the taxpayers' money to transport cadets? I would like an answer to that question.

Mr. Chevrier: I am not a military expert; but I will tell my hon. friend this, that if in any high school in Ontario, or anywhere else in Canada, there are young men and women who want to take the trouble and to make the sacrifice of working extra hours to enhance their training, then I believe that, with the consent of their officers, they are entitled to come here to Ottawa to visit the war museum and parliament buildings as part of their training, not as a field exercise but as related to that training. And it is not for me nor for my hon. friend but for the commander of the cadet corps to determine that, and the superior officers in Kingston; and it was they who determined it.

I say it ill becomes my hon. friend to make a charge, particularly when he uses the word "looting" as he did this afternoon. He has done himself no credit, and certainly he has done his party no credit.

Mr. Ferguson: Mr. Speaker—

An hon. Member: Sit down.

An hon. Member: You have spoken.

Mr. Ferguson: It is a good thing I spoke before, and cannot speak again. It is just too bad.

Mr. J. L. MacDougall (Vancouver-Burrard): Mr. Speaker, I had no intention whatsoever, until late this afternoon, of entering this debate. I must say I was somewhat surprised, as was the minister who has just spoken, to hear certain observations made in the chamber this afternoon. I cannot help referring to my good friend the hon. member for Simcoe North (Mr. Ferguson); and I am serious in the belief that if he will recall the days he went to Sunday school, as did the rest of us, he will remember that we learned there—and possibly also at our mothers' and fathers' knees—that it was a fine thing to "suffer the little children to come unto me". That is an axiomatic truth, and it is a very deep rooted opinion in the hearts and minds of a lot of us. And despite the fact that a protest has been made, I do think it is quite in order, when young men and women are augmenting their training, that some slight reward of the kind indicated should be given to them by way of recognition.

Again this afternoon the question about boots was raised.

> Boots-boots-boots-boots movin' up and down again!
> There's no discharge in the war!

That brings my mind back to the years when I served in His Majesty's forces. We had boots, of a kind—boots that were no credit to the Canadian taxpayer or to the government of the day, boots that were a very abomination to the men who had to wear them. If in this question of the stockpiling of boots we are robbing the Canadian

taxpayer to provide for a potential emergency, then I candidly believe the government is to be commended rather than condemned for its action. We can recall that during the years of the second world war, between 1939 and 1945, quite a number of the men who now serve in the government held high positions in the government of that day under the late Right Hon. William Lyon Mackenzie King. They did a tremendous job for the taxpayers of Canada, and there has never been even a breath of scandal with respect to any contract whatsoever.

It seems to me that is a record of which those who support the government can be justly proud. The fact is that we came through the second world war, one of great magnitude, with a clear record, a record that was unblemished, with implements of war in full supply, and with ordnance never dreamed of in the war of 1914-18. Having in mind the accomplishments of those who carried the terrific load during the second world war, and who are now members of this government, I do not think the taxpayers of Canada will be particularly perturbed about certain items that may be dug up and classified as wasteful expenditures.

Let us get down to brass tacks. I think it is generally admitted by all sections in the house that putting a man in uniform is not going to effect a complete change overnight, if in civilian life he has not been high-minded and honest. Let us suppose that we have about 120,000 in the services today, and compare what goes on in that group with what goes on in any community of like numbers in any province, whether it be Ontario, Quebec, in the maritimes or on the Pacific coast. There is no community of comparable size in which there are not some men and women who are not wholly honest. In any civilian community we will find a constabulary, a jail and a judge.

In the 120,000 connected with the services it is only natural that there may be some who are not completely honest; but this does not condemn every man and woman in the services. I do not think the proportion of crime is any greater there than in civilian life. I am sure all members of the opposition will agree with me when I say that whether we are preparing for peace and spreading over our heads an umbrella of freedom, or whether we are preparing for imminent war, such preparation in a time of either peace or war is wasteful and unproductive. I think that is almost universally the understanding amongst the Canadian people, and amongst the people of all democracies, that the preparation for national defence is a wasteful procedure. It is wasteful; it is non-productive. But is there anyone in this house who would say that, because of a certain amount of wastefulness attached to those preparations, we should entirely forgo the building up of our armed services in all the branches we now maintain and expect to enlarge?

In addition to that I believe we have to bear this thought in mind. Because the preparation for war is wasteful, and because certain things are done during those preparations that might be off colour or not entirely honest, should we as legislators make a blanket condemnation of many people who are completely innocent of breaking any law of the Dominion of Canada, either civil or criminal? With that idea in mind, what have we to look forward to? I think it is generally recognized that had we not made the allocations this parliament has made for defence preparations, the government would not only be condemned by certain of its followers—of whom I would have been one—but also condemned by all the members of the opposition groups, and rightly so. If that is a correct judgment of the thinking of the Canadian people, then it seems we ought to expect that some defalcation is going to crop up at one time or another, just as it crops up in civil communities large and small right across Canada.

If we are going to maintain this umbrella of freedom we shall have to spend money. In the expenditure of that money there is going to be waste. But in the final judgment, Mr. Speaker, the people of Canada have to accept that small amount of wastage in order to get what I believe they want to have, a properly balanced and integrated armed service or, on the other hand, they will have to completely forget about it and at the same time lose the potential striking power we might have created if we had made this expenditure. It was only today I believe, sir, that His Excellency the Governor General, speaking to the Canadian Legion in Montreal, stated that times have changed considerably since the first Legion convention. Unquestionably that is true. The things that we got and paid for, and the things that we fought for in the first world war are today basically the same. No one in this house, however, would want our armed services to go on the rate of pay those of us who fought during 1914-18 received, $1.10 per day. No one would want to see the married personnel of the integrated forces of Canada, under our climatic conditions, housed in a pup tent where you all sleep with your feet towards the centre pole.

In the Dominion of Canada we have outgrown that period, as has been stated by no less an authority than His Excellency the Governor General. On top of that we have to appreciate that we have a completely new status. This status is vastly different from what it was in 1914-18, and is considerably different from what it was in 1939. So far as our naval protection was concerned, in 1914-18 we leaned upon the United Kingdom government for that protection, and we received it. As a result of our experience in the first world war, and after the Statute of Westminster of 1931, we gradually developed into nationhood. It is true that our expenditures in connection with national defence are extremely high. There is no doubt in the world about that. I ask hon. members why they are so high today. It is because we supply for ourselves the naval protection that was supplied in 1914-18 by the British government. We have grown up, and it is only natural that we should assume the responsibility for our own protection in so far as that is humanly possible.

We ought to be proud of the fact that we have grown up. I believe the people of Canada are proud of their new status and that they are willing to subscribe to the new era through which we are now passing. So far as the people of Canada are concerned, they feel the burden of heavy taxation. I shall not dispute that. But how much better it is to feel the burden which is caused by our reliance upon our own ability to defend ourselves, rather than to have to depend upon others to volunteer to protect us in time of war. During Easter I took a trip through to the Pacific coast. I did not hear any great wailing at the wailing wall by taxpayers. They did feel that they would like to have a lesser tax burden, but who amongst us does not feel the same way? I do not think anyone particularly relishes the payment of taxes. This expenditure is necessary, however, if we are going to maintain ourselves as an independent democracy, free and untrammelled. Now, when we have high income and great production, it is necessary that we make sure we are going to be able to produce the equipment for any emergency in order to save us from becoming the slaves of those who plot and scheme behind the iron curtain.

I shall conclude, sir, by saying this. I believe Canadian nationhood is something of greater value than the expenses that must be borne by the taxpayer in order to bring to Ottawa young Canadians who are giving up their time, augmenting their training, and showing an interest in Canadian national development. In bringing them here, at the request of their commanding officer, I think we are rendering a service to nationhood in Canada. By having those young Canadians come here, not only were they able to visit the House of Commons but also were able to get an insight into some of the remarkable things we do here in a remarkable way.

Mr. Ferguson: It will make them fighting mad.

Mr. MacDougall: I dislike having to disagree with my good friend the hon. member for Simcoe North, but I must disagree with him on that point. Instead of putting our heads against the wailing wall I think that we might, with justifiable pride, hold our heads high, take a good breath of Canadian fresh air, fill our lungs and shout that we are proud of the fact that we are Canadians, able to defend our institutions, and able to manufacture and operate the necessary instruments of war required by any freedom-loving people in order to protect their freedom from those who would destroy them. God save the Queen!

Mr. Stanley Knowles (Winnipeg North Centre): Before you put the question, Mr. Speaker, may I say it seems to me, particularly after the last speech or two, that it might be well for us to get back to what we will be voting on. The question before us is not the whole range of defence policy to the extent to which it has been discussed by the hon. member for Vancouver-Burrard (Mr. MacDougall).

Likewise, I would suggest that we are not voting on whether or not it was a good idea for that group of cadets to be brought to Ottawa. After all, that was a matter that was decided upon in a perfectly open and above-board fashion. Indeed there is something to be said for the idea that young Canadians should have the opportunity to see the capital city. However, that issue is not before us, and it would seem to me most unfortunate if the vote, which apparently is about to be taken, were thought to be in any sense a vote upon that particular question.

The issue before us is set out in the amendment that was moved by the leader of the opposition (Mr. Drew). It relates to the uneasiness and concern in the country over reports of loss of public property by theft, looting and fire. As the hon. member for Peace River (Mr. Low) pointed out a while ago, this uneasiness does not arise from any course of action pursued by members of the opposition or by any members of parliament. It arises from information which has been given to the public in fact through the channels of the Department of National

Defence. Because of that uneasiness and concern on the part of the public, I suggest that it would be a good idea to have the matter cleared up by the appointment of a royal commission. As my leader pointed out this afternoon, and as others have pointed out in the course of this debate, if everything is clear and proper there is no reason on the part of the government to resist such a judicial inquiry. On the other hand, if there is something that should be brought out, there is every reason why we should have such an inquiry. Therefore, I hope that before we vote on this motion we shall in our thinking get back to the essential terms of it and vote on those terms.

I would remind the house that, though on most occasions when there is an amendment to the motion to go into supply it is regarded as a motion of non-confidence in the government and is treated accordingly by government supporters, there have been at least two occasions to my knowledge in the last ten years when such amendments have carried. One occasion was on August 27, 1946, when an amendment was moved to a motion to go into supply—and it was moved from our group—having to do with the subsidy on milk. After considerable debate the government, through the Minister of Trade and Commerce (Mr. Howe), announced that so far as the government was concerned it was not to be regarded as a vote of non-confidence but was to be a free vote. As a result, a number of government members voted with the members on the opposition side and that amendment carried. The next step was the moving again of a motion to go into supply, and the result was that the business of the session went on.

The next occasion when this happened was on June 12, 1951, when the present leader of the opposition moved an amendment to the motion to go into supply, that amendment having to do with the desirability of appointing a committee to consider the procedure of this house. The Prime Minister (Mr. St. Laurent) saw fit to accept the terms of that amendment, with the result that, after a few short speeches on it, the amendment carried. That event did not bring down the government nor did it even bring the session to a close. On that date the next step was for another motion to be made to go into committee of supply, and we went on with the work of the session.

I suggest that consideration might be given to pursuing the same course on this occasion. The proposal in this motion is one that would clear the air. Despite the opposition that has been expressed by government members thus far in the debate, I suggest that the government might even now give further consideration to the proposal for a judicial inquiry. In my view it would be well for the government to accept this amendment and then we can proceed with the business of the session in the way I have indicated.

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, as one who cherishes dearly the good name of the services, I cannot help feeling that the revelation of these thefts and irregularities that have occurred during the past two years has to a large extent hurt the services themselves. I believe that every sailor, soldier and airman who is today serving in the forces of Canada deeply regrets that these irregularities have occurred. Why they have occurred, we do not know. They are abnormal. I do not believe anybody wants to try to close his eyes to them or to deny the fact that they are going on. But the people of Canada are hurt because the honour of Canada and of the armed services of Canada is at stake.

Today my leader suggested that possibly a special inquiry might be set up. Let us do something to clear the name of the services. Let us do something to clear the names of our gallant sailors, soldiers and airmen. If it is not a question of setting up a special inquiry, perhaps from the services themselves there might be somebody who would be reporting direct to the minister, somebody who is independent and who is above the question of promotion in his own service. In days gone by there used to be an inspector general. The inspector general reported to the minister direct. That was a check on many of the commands. But I do feel that something has to be done. We have to clear the good name of our servicemen; and if this is the best way to do it, then I am all for getting this matter cleared up, and then let us get on with the job of preparing for and maintaining the peace of the world.

Mr. R. O. Campney (Parliamentary Assistant to the Minister of National Defence): Mr. Speaker, the leader of the opposition today saw fit to launch another of his violent attacks on the Department of National Defence. I submit that in so doing he followed a pattern which he apparently laid out for himself quite some time ago, and which he followed in this house on April 21, on May 1, subsequently in a radio speech and again in this house on May 5. I submit that each of those speeches was full of sound and fury, that each was long on assertions and on charges and longer still on innuendoes, but that each was equally short on fact. I submit in following this line of conduct he has assumed a very serious responsibility. I say that

because if these charges, assertions and innuendoes are true, and are substantiated, then they impugn the whole defence effort, a matter which is of vital and continuing concern to every man and woman in this country.

If that is to be done there must be facts; there must be substantiation, and there must be proof that the conditions to which he has referred exist and that they are of general application, that they are flagrant and outside of any normal situation which might be expected in an effort as vast as the effort being carried on by the Department of National Defence today.

If they are not so substantiated, Mr. Speaker, then I say they are irresponsible statements; I say they are unjust and unfair to the Department of National Defence, to the government and to the public in that they create suspicion, distrust and uneasiness in the public mind not only in this country but in the other free nations of the world which are looking to the effort we are making to help assist in maintaining the peace of the world, and to 95,000 to 100,000 men and women who are wearing the Canadian uniform in Korea, in Europe and throughout Canada. I refer particularly to one quotation which was permitted to be quoted this afternoon in which the leader of the opposition said, as reported at page 1424 of *Hansard* of April 21:

—the revelation that officers had been ordering men under their command—

Mr. Speaker: Order. Is the hon. member referring to a debate which took place this session?

Mr. Drew: Yes.

Mr. Campney: It was quoted this afternoon, Mr. Speaker, and that is why I have touched on the matter. No objection was taken this afternoon. It is the same wording, the same quotation.

Mr. Speaker: I did not allow the leader of the opposition (Mr. Drew) to quote from a debate of a week ago.

Mr. Drew: It is the same debate.

Mr. Campney: On a point of order, Mr. Speaker, may I refer to page 95 of Beauchesne's second edition, where it would appear that a member while speaking may not refer to any debate of the same session on any question not then under discussion. It would seem to me that the same subject is under discussion at the present time.

Mr. MacDougall: It is under discussion today.

Mr. Pouliot: If you will permit me, the purpose of the rule is to prevent obstruction by the quotation of long excerpts from a previous debate in the same session. But there is nothing to prevent any member of parliament referring incidentally to any debate that has taken place during the session for the sake of the argument. We can use the argument of comparison to compare what is happening now with what happened before in the session, without using long verbatim quotations of previous debates. The purpose is to prevent obstruction; it is not to prevent argument in the house.

Mr. Knowles: Before you get involved in the question, Mr. Speaker, may I ask whether or not the occasion which is being referred to was a debate. It was an attempt by the leader of the opposition to move the adjournment of the house under standing order 31. Your Honour denied him that right.

An hon. Member: Well put.

Mr. Speaker: I understand the hon. member for Vancouver Centre was quoting from a debate that took place in the house last week. If that is so, I did not allow the leader of the opposition to quote from it, and I could not allow the hon. member for Vancouver Centre to quote from it.

Mr. Campney: I am referring to a statement made in the house on April 21.

Mr. Drew: Mr. Speaker, it refers to the same debate in regard to which Your Honour made a ruling this afternoon.

Mr. Pouliot: It was not a debate; it was an abortion.

Mr. Hodgson: Beauchesne is right again.

Mr. Speaker: Order. I find that the hon. member for Vancouver Centre is referring to a motion that was made in the house on April 21, when the leader of the opposition moved the adjournment of the house under standing order 31. The motion was not allowed, and there was no debate. My interpretation of the rule is that it is for the purpose of preventing the reviving of a debate on a subject that has been closed.

Mr. Abbott: The amendment has done that already.

Mr. Speaker: The hon. member for Vancouver Centre is not reviving a debate. I do however want to make it quite clear that debates of the same session must not be revived. The hon. member may continue.

Mr. Campney: The quotation, Mr. Speaker—

Some hon. Members: No.

Mr. Campney: —is from *Hansard*, April 21. On that occasion the leader of the opposition used these words when he was speaking.

An hon. Member: Old straw.

Mr. Speaker: Order.

Mr. Campney: He referred to the "revelation that officers had been ordering men under their command to assist in acts of theft and fraud." I used the words of the leader of the opposition to illustrate what I said, namely that if these assertions and statements are not fully substantiated they are in fact a reflection on every man and woman wearing the Canadian uniform unless he or she can come forward and prove his or her own innocence. I do not think it is good enough, Mr. Speaker, for any member, and especially the leader of the opposition, who probably has a greater responsibility than most of us, to make statements which are based on rumour, hearsay and generalization, without supporting them fully with the facts, the dates, the times, the places and the persons concerned, because these are serious matters. They are serious to everybody concerned. They are serious to the department; they are serious to the government, and above all they are serious to every individual concerned with the operation of the Department of National Defence, whether in uniform or not.

Mr. Drew: Mr. Speaker—

Mr. Abbott: Oh, sit down.

Mr. Drew: On a point of order, the hon. member is referring to something that has been raised here before. Since he raises a question of this kind I would point out that what he has just referred to was given in sworn evidence at Pembroke last Friday and reported in the press.

Mr. Campney: The statement of the hon. member was made on April 21; and if he now seeks to justify it by something that was produced in evidence yesterday I do not think that has any particular relevancy to the line of argument which I am following. When you squeeze all the verbiage and high-sounding phrases out of the statements that come along with such regularity from the leader of the opposition you find a few facts which have been explained several times concerning Farnham and Petawawa. In addition there have been two or three arrests here and there. On that small foundation we have the leader of the opposition and the opposition generally seeking to raise a superstructure that affects the whole defence effort of this country, as well as the government and the Department of National Defence.

May I quote another paragraph from the statement of the leader of the opposition to which I referred as an indication of what I mean. I refer to what he said on the same date, April 21, 1952, as reported on page 1425 of *Hansard*. I think this is a gem. I quote:

> the outbreak of incendiary fires in military storehouses, significantly timed in such a way that they could have hidden the extent of any looting and thefts which had taken place in these storehouses.

If that is not the best way of conveying a broad and damaging innuendo without adducing a single fact, I stand to be corrected. He said:

> The outbreak of incendiary fires in military storehouses, significantly timed—

By whom?

> —in such a way that they could have hidden the extent of any looting and thefts which had taken place—

Did any take place?

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

Mr. Abbott: Tell us about cheese or butter.

Mr. Cardiff: Does he deny that there have been thefts or fires?

Mr. Campney: No, I am not denying that there were thefts; I am not denying that there was stealing or thieving or fires. I am just saying that the leader of the opposition made an innuendo that is very damaging to the services and to the department without adducing a single fact to support his statements.

Mr. Sinnott: Ask another question.

Mr. Rowe: A little looting, but we should not mention it.

Mr. Campney: I noticed that today the leader of the opposition tended to modify his general statement. This word "looting" has great significance apparently in the minds of members of the opposition. I remember when they used the word "looting" in reference to some petty thieving here or there. I notice that when the leader of the opposition gave his long interview to the Ottawa *Journal* on Tuesday, April 22, he referred to the wholesale looting of military property. Today he refers to widespread looting. The hon. member for Simcoe North (Mr. Ferguson) was not going to have any minimizing of the looting so he played it up and said that it was gross, flagrant and colossal looting. The facts upon which he based that statement have been very well dealt with by the Minister of Transport (Mr. Chevrier).

Mr. Ross (Souris): Just peanuts.

Mr. Campney: I suggest that the words "gross, flagrant and colossal looting" are good circus language. Perhaps the opposition is coming to regard itself as a political circus. A lot of other people are of that view, no question about that.

Mr. Hodgson: You are on the wrong side of the house for that.

Mr. Sinclair: One of the chimpanzees.

Mr. Campney: I suppose pending by-elections do things to people and are apt to cause them to do things which they would not do under normal circumstances. Frankly I was surprised at the attitude taken by the hon. member for Rosetown-Biggar (Mr. Coldwell). He suggested that a royal commission should be appointed just in case something was wrong; that it would restore the confidence of the people of this country in the government if nothing was found to be wrong. I submit that that assertion arises out of his reaction to the charges, innuendoes and statements that have been made without the production of any evidence, statements that have been going out across the country for the last six months. I am surprised that the hon. member for Rosetown-Biggar would be impressed by that sort of argument, but it shows what might possibly happen to the people of the country who are not as conversant with all these political moves as he and who would be consequently much more impressed with such unsubstantiated information and statements.

I say it is a serious thing to impugn public confidence in a matter so imperatively urgent as the activities of the Department of National Defence unless there is abundant proof to substantiate every charge that is made. The hon. member for Greenwood (Mr. Macdonnell), following the line of the hon. member for Rosetown-Biggar, said that not only is it necessary that things should be right, the people should believe that they are right. I submit that if anyone alleges that they are not right they should produce some evidence to substantiate what they say and not to do as the hon. member did. His contribution was that somebody had told him about someone whose neighbour was called for by an army car every morning. I do not think that is the sort of statement upon which to base general charges of inefficiency and gross, flagrant and colossal looting, such as were made by the hon. member for Simcoe North.

I am sorry I did not hear the whole speech made by the hon. member for Peace River (Mr. Low), but I heard what he said just before the recess at six o'clock. He said he had not heard the minister's speech but he had heard the leader of the opposition and other speakers. He left a clear indication in my mind as to what he was proposing to do. When I came in this evening he finished it up by saying that he was prepared to vote against the government. The only other reference I heard him make was to a political pastime, which I think hardly appropriate in a matter so serious.

The hon. member for Winnipeg North Centre (Mr. Knowles) came in tonight with some sweet reasonableness and said that if everything was O.K. there would be no harm in having a royal commission; if it was not O.K., then it was not O.K. It was just as simple as that. Is that the way we are going to investigate departments of government? If we feel like it, if we drum up enough enthusiasm, will we look into every department? Apparently the hon. member thinks it would be all right to carry on such a procedure. That is the line he suggests we should take in approaching the activities of any department and in conducting this house.

The hon. member for Nanaimo (Mr. Pearkes) took much the same line, but he did say something which I appreciated and which I am sure everyone in the service will appreciate. He said these statements are going across the country and that their effect will be most harmful to the prestige, the morale and the esprit de corps of the armed services. I suggest to the hon. member that he should have said that to his leader some months ago.

I do not want to dwell on this particular side of the matter, but we all know that the people making up the armed services and those on the civilian side are just like other people. There are good, bad and indifferent people to be found there; they are no better and no worse than the average. There is bound to be some stealing; there is bound to be some slipping from virtue. The point is whether these things are normal in relation to the amount of money involved and the extent of the activities. When they are normal as compared with other activities there is then no occasion for sweeping statements such as have been made. Certainly there is reason for vigilance. Certainly there is cause for continual attention, for strengthening procedures and for prosecutions wherever they are called for.

I should like now to mention a couple of points that I think might be mentioned, and which I do not think have been referred to so far. The first is that all these stores, merchandise and equipment are scattered from Korea to Germany and all over Canada in small isolated places as well as in large centres. In some parts they are distributed in almost inaccessible places, and that adds somewhat to the hazard of looking after such stores and equipment. I would also mention the fact that where you have enormous quantities of merchandise, goods or equipment

stored in a given place there are added difficulties, when the people concerned in the supervision of such goods and equipment do not own them.

I have had some experience in that sort of thing through participation in companies engaging in that type of business and also because I was chairman of the national harbours board for three years. The national harbours board operates warehouses filled with goods, elevators and so on. There is no question in my mind but that to try to maintain vigilant and active supervision and protection of goods such as those with which I was concerned as chairman of the national harbours board is vastly more difficult than in a private enterprise where you have a localized congested area and your goods and merchandise are under close control. I think that is obvious. There is a greater tendency for people to conspire with people outside. You have to be vigilant at all times. In spite of everything we could do, during the three years I ran the national harbours board we had substantial losses, and in many cases we could not put a finger on the culprits.

Banks have great losses. Department stores have huge losses which they have to write off every year. Nobody likes that. It is deplorable; but we should be reasonable, and I submit we should not take isolated facts in the face of what we all know are difficult situations with respect to protection and base far-reaching assertions on them. I think we should be fair. The Department of National Defence through the use of the provost corps, the corps of commissionaires and its own internal organization is doing everything possible to protect what is entrusted to its care and to see that any time the system can be improved or strengthened in any way that that is done. That is the department's duty. I submit the department is endeavouring to do that to the very best of its ability. I submit further on the facts adduced today by the minister with respect to thefts and fires that relatively speaking in comparison with other enterprises—there is no other enterprise that is as large—the Department of National Defence is doing a first-class job. I do not think the odd police court case and the odd fire, some of them large, it is true, prove otherwise.

In Vancouver last month a large storage warehouse burned down with a loss of half a million dollars. An elevator structure was destroyed by fire with a loss of $1,500,000, and a shingle mill burned down. They were all privately operated and the fires took place within three weeks. I do not think anybody thought there was gross negligence on the part of either the owners, the operators or their employees. These things happen. Nobody likes them, but we ought to be reasonable about them.

I should also like to say that the Department of National Defence has had to build up an enormous organization at the same time that it has been expanding its fighting forces rapidly. It has had to take on people in large numbers. It has had to sort them out and train them quickly. The rapid expansion of its organization in conjunction with the growth of the fighting forces certainly has been a strain on the department. If you associate that fact with the percentage of loss by fire and theft I think you can say that the department has done an excellent job. I do not propose to suggest that the Department of National Defence is perfect in every meticulous detail or that all the individuals who make up its service and civilian forces are infallible. The department has grown rapidly and has sought to create its own internal organization at the same time that it was building up its service organization.

That has not been easy. Qualified personnel are difficult to obtain in the numbers that have been required. I submit that having now arrived at the point where there are 135,000 people in the services and on the civilian side, these people are as good a cross-section of Canadian personnel and Canadian enterprise as can be found anywhere. I want to make one further observation. I believe that the end result of the department's activities is the troops that are produced. I do not think we should ever lose sight of that, and I refer not merely to numbers but also to quality. I do not wish to engage in a fulsome eulogy of the members of our forces. We do not need that and they do not need it, but I do wish to say in all humility and with great pride that the resourcefulness, courage and deportment of the 25th brigade now serving in Korea, which I had the honour to visit with the minister in January, would gladden the heart of any Canadian who could have seen them and would make him proud to be a Canadian.

After all, that is the reason for all these expenditures. The reason we require heavy taxation is to provide troops, and I maintain that our troops in Korea, in Europe and in Canada are the finest type that any man in any country could wish for at any time.

I should like to make one other observation. After close association with the Minister of National Defence (Mr. Claxton) for the past year, I want to support the tribute that was so justly paid to him by the hon. member for Trinity-Conception (Mr. Stick) when

speaking in the house in April last. In directing the most important matter of our national defence the Minister of National Defence bears tremendous responsibility. His vision and determination, and his quick understanding and appraisal of problems are well known. I who work with him every day can bear testimony to that. His energy and devotion to his task are proverbial. Because I think it should be said, I want to say that when all the smoke of battle, both military and political, has cleared away I believe that he will stand out clearly on the pages of history as a very great minister of national defence.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, the parliamentary assistant referred a few moments ago to our Canadian troops in Korea. There is no member of the house who is not intensely proud of the manner in which these young lads have represented our nation, and the same can be said of the young Canadians who are serving in Germany. However, surely these young men are entitled to have behind them in Canada the very finest system that it is possible to have in the defence department. There is the nub of our complaint.

We say that steps should be taken here in Canada without further delay to strengthen the organization at home. The parliamentary assistant has claimed that there should not be all this rumpus raised about a situation which he says is, in effect, just the odd police court case. If that were the whole story there might be something in his argument. But this is far more serious than one particular police court case. When we see freight-car loads of government property being stolen from a government camp, that cannot be described fairly as just a little side issue. That is a very serious happening. Not only were carloads of equipment taken away from Petawawa, but railway tracks were torn up and, I suppose, taken away for scrap metal. Then we know of the unfortunate incident involving the stealing or the disappearance of buildings at Farnham camp.

I know the effect on me, personally, has been that during these last weeks I have been greatly worried to learn that this sort of thing has been going on. We all deprecate it; no one approves of it. But it has been going on. There has been mention of it in the press, and it has been admitted within the last few moments by the parliamentary assistant that these thefts have taken place.

All we are asking is that there be a thorough inquiry by a judge. There can be no doubt that the results would be of benefit to the defence department and the country at large. I am surprised that the minister and his parliamentary assistant have taken the attitude that this question should not have been raised in the house, that it should have been hushed up, that even by discussing it we are injuring or in some way hurting Canada's defence forces. I suggest to the minister that the far more reasonable approach to the question would have been for him to say, "Certainly; I am only too glad to have any suggestions which will help me strengthen our defence organization here in Canada." That would have been an approach completely different from the one he and his parliamentary assistant have taken.

I believe when they take the attitude that they must not be criticized, that those of us who complain are not patriots and that we are doing an injury to the country, the minister and his parliamentary assistant are, in effect, undermining the efforts of this country to build up a strong defence force. I believe they are not being fair to the young men and women who have volunteered for service in the Canadian forces, and are failing to appreciate the fact that we are not in a situation which is going to be over in a month or a year.

We face many years of tension in the world today. The whole policy of the freedom-loving nations is to build up their forces on a long-term basis and to become so strong that the communists dare not start a third world war. This is a policy which will have to be carried on for perhaps twenty years, perhaps longer than that; and now is the time to remedy the defects in our defence set-up. This is the time to get things right; and here we have a situation which obviously is wrong. I need only point out to the house what was purported to have been said by the adjutant-general of our forces. Surely his statement should carry some weight with members on all sides of the house.

We have this editorial published in the Calgary *Herald* on May 13, just six days ago, in which reference is made to a letter forwarded by Colonel J. S. Ross, officer in charge of administration, western command, to the heads of branches and staff, to the heads of services, and to units, subunits and detachment commanders. I need read only this one sentence from this letter by Colonel Ross, because I think it sums up the whole picture. He wrote:

> The adjutant-general has expressed sincere concern at the apparent laxity revealed by the current scandals at Montreal and Petawawa.

Hon. members will note that the adjutant-general expresses concern, that he refers to apparent laxity, and also that he uses the word "scandal". Just take that statement from the adjutant-general; surely that, without anything else, without all these

other details, should be sufficient to convince us in the House of Commons that it is our responsibility to see that a thorough and complete check is made at the present time in order to stop this sort of thing, and to help the men in our defence forces. I suggest the best way that can be done would be by having an impartial inquiry. Frankly I do not know of any way by which we could assure that such an inquiry would be impartial and quite removed from any political consideration, other than by having a judge appointed to inquire into the methods used in the defence department in caring for stores.

I have had complaints from Vancouver to the effect, for example, that there is no proper method of inspecting goods when they are sent out to a command. We have seen these tenders called stipulating that a certain quantity of equipment must be sent to one camp, and a different quantity to another, and so on right across the country. My informant may be wrong, but I am told there is no efficient method of checking goods when they are delivered to respective camps. A camp may receive a box full of rock, let us say, instead of equipment—and that, of course, would be an extreme case.

Mr. Claxton: It does not exist.

Mr. Green: That is one complaint that has been made to me; it may be right or it may be wrong. But we are engaged in a pursuit entirely different from that which engaged our attention during the war. Here we are building up forces, not rapidly as we did during the war, but much more slowly. In addition we are stockpiling to an extent we did not do in wartime. In those years when we manufactured goods the greater proportion of them would be shipped overseas for use, with the result that we did not have the problem of stockpiling that now confronts us. With the larger quantities and the more numerous types of equipment and defence stores in Canada, there is obviously a greater need for some efficient system of keeping track of what happens to the stores. We have the proof that at least some of the stores have gone astray. There has been wrongdoing and I urge upon the members, in all sincerity, that we would be wise to have an inquiry such as that suggested in this motion. I am going to read it again, because I believe it points to an effective remedy. It is in these words:

"The government should consider the advisability of undertaking a judicial inquiry into the organization of the Department of National Defence and without restricting the generality of the foregoing to investigate the accounting, inspection and administrative supervision of public property by the Department of National Defence with particular reference to losses of property by theft, looting and fire; the nature of supervision over the army stores and as to whether there has occurred any dereliction of duty on the part of any of the personnel of the said department whose duty it is to safeguard the public property of Canada.

The judicial body thus appointed to have all the powers of a royal commission under part I of the Inquiries Act, chapter 99, of the Revised Statutes of Canada, 1927, to make findings and recommendations and to report the same to parliament."

If that recommendation were accepted, then we should have this question removed from the house and put into the hands of one of our senior judges in Canada. I am confident that the results would be greatly to the benefit not only of our forces but also of the nation at large.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, I did not hear the debate this afternoon as I was attending the Legion convention in Montreal and just returned in time to hear the hon. member for Vancouver Centre (Mr. Campney). I was quite surprised at his speech, and that is why I am on my feet at the moment. The hon. member for Vancouver Centre, who is also the parliamentary assistant to the Minister of National Defence (Mr. Claxton), tried to defend the government and the administration of the Department of National Defence by attacking the leader of the opposition (Mr. Drew). Surely that is as weak a defence to any of the charges which have been made and about which he complains as could possibly be put forward by a spokesman for the government.

The hon. member said that criticism of the Department of National Defence was hurting the good name of the services, and by inference at least also stated that any criticism of the affairs of the Department of National Defence was having an adverse affect on our defence preparations. If we are to accept that attitude, the logical conclusion would be that we should say nothing in this house about defence unless we can praise something which has been done by the minister or his assistant. In other words, it is just not consistent with our conception of parliamentary government. The duty of the opposition is to bring to the attention of the government, and the Canadian public generally, things which we believe are wrong so far as the administration or general policy of the defence department or any other department is concerned, and as a result try to remedy those deficiencies which may exist.

I resent the implications of the hon. member for Vancouver Centre that those of us on this side of the house who have criticized defence matters are hurting the good name of the services. I am just as concerned about the good name of the defence service as any other member who has been active in defence

matters or defence criticism. On this side of the house we are just as anxious as anyone else in Canada to maintain the good name of the services, and to maintain the efficiency of our services. I doubt whether the hon. member for Vancouver Centre or any other hon. member opposite would directly state anything to the contrary. It seems to me, however, that the good name of our services, the efficiency of our services, can best be maintained, not by keeping anything secret or by stifling criticism where criticism is justified, but by rooting out improper practices wherever they may have occurred. It is the only way by which we are going to get a defence service that is as efficient as possible. Trying to keep these things secret is not going to help in any way so far as the general efficiency of the service is concerned. Surely, it must be apparent to anyone that the shedding of light upon any situation which happens to exist in our armed forces produces better results than any attempt which may be made to hush things up.

The hon. member for Vancouver Centre attempted to excuse any deficiencies which have occurred by saying that every commercial concern has large deficiencies, fire losses and so forth. Well, that is quite correct. No one has ever said they have not. However, that is still not a good excuse, particularly when you have matters coming to light as we have had in recent weeks, such as the Petawawa affair and various others which were reported to the committee now investigating defence expenditures. As a matter of fact, the general attitude of the government seems to have been that whatever the situation may have been, let us not say anything about it; let us keep it quiet. If we keep it quiet, the good name and efficiency of the services will be maintained. I believe exactly the opposite effect will be produced, Mr. Speaker. It is only by proper criticism of these matters, which I maintain we on this side of the house have made, that the efficiency of the services will be improved. This is true of other government departments as well.

Unfortunately, in the defence expenditures committee the government has followed this same idea of saying "Let us not investigate this or that if it is felt it is going to bring to light something which might prove embarrassing". As the member for Vancouver-Quadra (Mr. Green) said a little while ago, the best way to meet the situation would have been for the minister, as soon as there was any indication of impropriety, to frankly say to the country that these things had occurred; that they were sorry they had occurred and immediate steps would be taken to prevent their recurrence.

Mr. Claxton: That is what I did.

Mr. Harkness: If that sort of approach had been made by the minister—

An hon. Member: He did.

Mr. Harkness: You would not have had all the criticism you have had about it. The difficulty is that that has not been the approach. There has always been this attempt to keep things quiet, and hope nobody would mention them. At the moment my sincere advice to the minister would be to bring these things out into the open and state definitely the steps that have been taken to correct them. If that were done I believe that many of the complaints and criticisms by hon. members and in newspaper editorials would rapidly disappear.

Mr. J. H. Dickey (Halifax): Mr. Speaker, I do not propose to keep the house for more than a moment, but after having heard the remarks of the hon. member for Calgary East (Mr. Harkness) I think some clarification should be made for his benefit. He admitted that he had not heard any of the debate today, and then proceeded to take the hon. member for Vancouver Centre (Mr. Campney) to task for some of the things he had heard the hon. member say—

Mr. Harkness: It was just symptomatic of what he has been saying right along.

Mr. Dickey: He proceeded on that basis to make certain inferences. Fortunately he said he was making inferences, and I want to say to the hon. member for Calgary East that his inferences are out of order and completely unfounded. He suggested that from what the hon. member for Vancouver Centre (Mr. Campney) had said the inference he took was that we were complaining about any criticism of the Department of National Defence, and that from what the hon. member for Vancouver Centre had said it was a logical conclusion that the opposition was not in a position to criticize at all.

That certainly is not an inference that could be properly made from anything the hon. member said in his speech. The hon. member for Vancouver Centre was not complaining about criticism from the opposition of the Department of National Defence. What he was complaining about was the repeated broad, sweeping suggestions of wrongdoing, wholesale looting and all that sort of thing in the services, which suggestions have been repeated time and time again inside this house and outside of it, but so far have not been substantiated by one jot or tittle of evidence.

There has been no attempt to hush up any substantial charge or suggestion made by the

opposition or anybody else with respect to wrongdoing. Such matters as Petawawa, Farnham or other individual cases that have been raised have been dealt with by the minister in this house in debates and in statements to the house, and hon. gentlemen opposite have not made any attempt to deal with those explanations. They have simply gone on the other tack of making wild generalizations so that it is not possible for the minister or anybody else to protect the members of the services from the general and serious allegations that are made against them all. These generalizations are things from which the members of the services cannot protect themselves, nor can they be protected from them. What we are complaining about here is not criticism or the bringing forward of any facts or figures that would be embarrassing to the government. What we are complaining about is simply the broad generalizations which constitute an attack on the members of the services.

Mr. Deputy Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: Before I put the question, perhaps I should tell the house that I have my doubts as to whether or not this amendment is in order. I may say immediately, however, that I accept it. In order to help the movers of future amendments, however, perhaps I might offer these remarks. Last Monday an amendment which I think is similar to this was offered to the house. It is found at page 2112 of *Hansard* and reads as follows:

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

"consideration should be given to the matter of appointing a royal commission for the purpose of examining and making recommendations for:

1. Improving the organization and general efficiency of government administration . . .

And so on. If that amendment had been carried by the house, it seems to me that a commission, if appointed, in looking into the improving of the organization and general efficiency of government administration, would have looked particularly into the Department of National Defence, amongst others, and would have investigated—if anything had been found to be incorrect—the accounting, inspection and administrative supervision of public property, as is now requested by this amendment.

In this connection, I should like to quote citation 332 of Beauchesne's third edition. It reads as follows:

It is a rule in both houses, which is essential to the due performance of their duties that no question or bill shall be offered that is substantially the same as one on which their judgment has already been expressed in the current session.

An old rule of parliament reads: "That a question being once made and carried in the affirmative or negative, cannot be questioned again but must stand as the judgment of the house." Unless such a rule were in existence, the time of the house might be used in the discussion of motions of the same nature and contradictory decisions would be sometimes arrived at in the course of the same session.

Basing my opinion on what I have just said, and particularly on this citation, and having analysed both the amendment which was moved on Monday last and the one which was moved today, I say that I have doubts as to whether this present amendment is in order. However, since the house is ready for it, I will now put the question.

The leader of the opposition (Mr. Drew), seconded by the hon. member for Peel (Mr. Graydon), moves:

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

"the government should consider the advisability of undertaking a judicial inquiry into the organization of the Department of National Defence and without restricting the generality of the foregoing to investigate the accounting, inspection and administrative supervision of public property by the Department of National Defence with particular reference to losses of property by theft, looting and fire; the nature of supervision over the army stores and as to whether there has occurred any dereliction of duty on the part of any of the personnel of the said department whose duty it is to safeguard the public property of Canada.

The judicial body thus appointed to have all the powers of a royal commission under part I of the Inquiries Act, chapter 99, of the Revised Statutes of Canada, 1927, to make findings and recommendations and to report the same to parliament."

The question is on the amendment to the main motion. Those who are in favour of the amendment will please say "yea".

Some hon. Members: Yea.

Mr. Deputy Speaker: Those who are opposed to the amendment will please say "nay".

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

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

YEAS

Messrs:

Adamson	Blackmore
Argue	Browne (St. John's West)
Aylesworth	Bryce
Beyerstein	Casselman
Black (Cumberland)	Catherwood

Charlton	Knowles
Churchill	Lennard
Coldwell	Low
Diefenbaker	Macdonnell (Greenwood)
Drew	MacLean (Queens)
Fair	McLure
Ferguson	Murphy
Fraser	Pearkes
Fulton	Quelch
Graydon	Rowe
Green	Shaw
Harkness	Stanfield
Hees	Stewart (Winnipeg North)
Hodgson	Thatcher
Jones	Tustin
Knight	Wright—42.

NAYS

Messrs:

Abbott	Kirk (Digby-Yarmouth)
Anderson	Laing
Applewhaite	Langlois (Gaspe)
Ashbourne	Larson
Balcom	Leger
Beaudoin	Macdonald (Edmonton East)
Benidickson	MacDougall
Blanchette	MacKenzie
Blue	MacLean (Cape Breton North and Victoria)
Bonnier	MacNaught
Boucher	McCann
Bradette	McCulloch
Bradley	McCusker
Brisson	McDonald (Parry Sound-Muskoka)
Brown (Essex West)	McIlraith
Byrne	McIvor
Campney	McLean (Huron-Perth)
Cavers	McWilliam
Chevrier	Major
Claxton	Maltais
Corry	Martin
Cote (Verdun-La Salle)	Mayhew
Croll	Mott
Darroch	Murray (Cariboo)
Dechene	Murray (Oxford)
Decore	Prudham
Dube	Richard (Ottawa East)
Eyre	Rousseau
Follwell	St. Laurent
Fournier (Hull)	Simmons
Fulford	Sinclair
Garland	Sinnott
Gauthier (Lapointe)	Smith (Moose Mountain)
Gauthier (Sudbury)	Stick
Gibson	Studer
Gour (Russell)	Valois
Gourd (Chapleau)	Viau
Healy	Ward
Hellyer	Weaver
Helme	Weir
Henderson	Welbourn
Hosking	Whiteside
Huffman	Whitman
James	Winters
Jeffery	Wood—92.
Jutras	
Kirk (Antigonish-Guysborough)	

Mr. Ross (Souris): I was paired with the hon. member for Melville (Mr. Gardiner). Had I voted, I would have voted for the amendment.

Mr. Dickey: I was paired with the hon. member for Annapolis-Kings (Mr. Nowlan). Had I voted, I would have voted against the amendment.

[Mr. Deputy Speaker.]

Mr. White (Hastings-Peterborough): I was paired. Had I voted, I would have voted for the amendment.

Mr. Cardiff: I was paired. Had I voted, I would have voted for the amendment.

Mr. Johnston: I was paired with the hon. member for Halton (Mr. Cleaver). Had I voted, I would have voted for the amendment.

Mr. Pouliot: I was paired with the hon. member for Chicoutimi (Mr. Gagnon). Had I voted, I would have voted against the amendment.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

302. General administration, $2,105,832.

Item stands.

PRIVY COUNCIL

Privy council office—

315. General administration, $346,391.

Item stands.

DEPARTMENT OF PUBLIC WORKS

330. Departmental administration, $584,997.

Item stands.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

Administration services—

221. Departmental administration, $431,397.

Item stands.

Progress reported.

GOVERNMENT EMPLOYEES COMPENSATION ACT

COMPENSATION FOR DISABILITY OR DEATH FROM CERTAIN DISEASES

Hon. Alphonse Fournier (for the Minister of Labour) moved the second reading of Bill No. 195, to amend the Government Employees Compensation Act.

Mr. Green: Will the parliamentary assistant make a statement?

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): Mr. Speaker, I had intended to give some further explanations on this bill when it reached the committee stage. If my hon. friend wishes me to do it now I should like to answer the questions he raised when we were discussing the resolution which preceded this bill. The hon.

member asked this question, as reported on page 1975 of *Hansard* of May 7:

> Will the proposed amendment be wide enough to cover the case of a rehabilitation officer of the Department of Veterans Affairs who develops tuberculosis through contact with patients say in one of the military hospitals?

A little further on he made this comment:

> There would probably be similar cases in the Indian affairs branch, in which some government official would come in contact with tuberculosis but would not be eligible for assistance under the act.

This type of case is one which could be considered for compensation under the amended section. The question of whether or not compensation would be payable would depend on the facts of the case. The degree or extent of the exposure of an employee to disease in carrying out his duties as rehabilitation officer or otherwise would be a very important consideration. There is a considerable difference in the amount of exposure to disease by an employee such as a nurse or doctor or attendant who devotes the major part of his time to the care of tuberculosis patients and is thus thoroughly exposed to the disease, and the case of an employee, for example a rehabilitation officer, whose duties may bring him into contact with patients in a hospital at much less frequent intervals. Since the degree of exposure in the latter case is much less there would probably be greater difficulty in establishing that the employee contracted the disease through contact with patients in the course of his employment. I hope that answers satisfactorily the questions raised by my hon. friend.

I do not think this bill is very controversial. Its purpose is to extend the coverage of the act. This act has worked satisfactorily in the past. It was enacted in 1918 and has been amended only twice since, in 1931 and 1951. I do not think there is anything I can add to what the Minister of Labour (Mr. Gregg) said when he introduced the resolution on May 7.

I would remind hon. members that under the provincial workmen's compensation acts there are types of disease which are not fully covered. The definition of industrial disease contained in the Ontario act is the widest in scope that we could find. We could get along with the Ontario act and the acts of the provinces west of Ontario and provide the coverage that we are interested in securing for certain types of employees in connection with diseases which they may contract in the performance of their duties but with this amendment the governor in council will have the authority and power to extend to the maritime provinces and the province of Quebec the privileges now enjoyed under other provincial legislation.

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

On section 1—*Regulations re compensation for disability or death from certain diseases.*

Mr. Green: Unfortunately I could not hear the parliamentary assistant very clearly when he answered the questions which I had asked on May 7, but I understood the tenor of his remarks to be that a case such as I mentioned then would be covered by this amended section. I would ask him whether it would not be wiser in line 15 to have the word "and" changed to "or". The section would then read:

> The governor in council may make regulations prescribing the conditions under which compensation is to be payable, the amount of compensation payable and the manner in which the compensation is to be determined, in respect of any employee who is disabled or whose death is caused by reason of any disease that is not an industrial disease but is due to the nature of his employment or peculiar to or characteristic of the particular process, trade or occupation in which he was employed at the time the disease was contracted, and compensation shall be awarded to such employee or to the dependents of such deceased employee in accordance with the regulations.

With the word "and" in there it seems to me the employee would have to show both that he contracted the disease due to the nature of his employment and that it was peculiar to or characteristic of the particular process, trade or occupation in which he was employed. The first classification seems to be much wider, namely, that it was due to the nature of his employment. I think that would let in cases which would not be allowed in under the second qualification. Would it not be possible to change "and" to "or"? Otherwise I am afraid a case such as I mentioned the other day, that of the rehabilitation officer who went to consult a tuberculosis patient about rehabilitation and contracted the disease, could not possibly qualify under the act.

Mr. Cote (Verdun-La Salle): In reply I might say to my hon. friend that the case he submitted the other day has been carefully studied, and it is expected that the regulations to be drafted for the operation of this section will be wide enough to do justice to meritorious cases of the type mentioned by my hon. friend. Of course we want to guard against any liability on the part of the government with respect to cases where only casual exposure to patients in sanitaria has preceded contamination of any such rehabilitation officer. Therefore we cannot open the door too wide. The case has to be put forward and argued on its merits, but certainly the regulations will be wide enough to cover any justifiable case. I would not think it would

be wise to amend the section in the way my hon. friend has suggested, but I am sure his remarks will be taken into consideration and the best possible drafting will be given to the regulations in order that as many cases as possible will be covered.

Mr. Knowles: When the minister spoke on the resolution preceding the bill he indicated what the intention was in rather precise terms. As indicated on page 1974 of *Hansard*, the intention included the covering of diseases not regarded as compensable under provincial law. The intention also included in particular the coverage of employees in federal government laboratories, particularly in animal disease laboratories and in animal disease field inspection work where they may be exposed to virus infections in the course of their work. We welcomed the statement of the minister that the purpose of the amendment was to cover cases of the kind to which I have just referred by quoting from what the minister said. When we get the bill it is noted, however, that section 8 as it read previously was specific in its reference to a particular disease, namely, pulmonary tuberculosis. On the other hand, the new section 8 proposed by the amending bill does not name any particular diseases. The reference to pulmonary tuberculosis is gone and there is no reference to the diseases which the minister suggested in his remarks on May 7. I take it that what is now intended is to cover the kinds of diseases that were covered before in section 8 and these additional diseases under regulations to be passed under this section. Can we be assured that those regulations will cover on the one hand everything that section 8 previously covered and on the other hand everything that the minister referred to in his remarks of May 7?

Mr. Cote (Verdun-La Salle): Without any hesitation I can give that assurance to my hon. friend.

Mr. Browne (St. John's West): Was there any special case that gave rise to this amendment? Have there been actual difficulties that have arisen out of the interpretation of the old section, or has any case arisen where the person contracted a disease in the course of his employment and was not covered by the act?

Mr. Cote (Verdun-La Salle): To my knowledge no pensionable case has arisen, but there have been indications that some might arise in the future. Therefore we are putting forward this amendment to cover any potential case that would be pensionable under the act.

Section agreed to.

[Mr. Cote (Verdun-La Salle).]

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time? Now?

Mr. Knowles: By leave.

Mr. Chevrier (for Mr. Gregg) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

EMERGENCY GOLD MINING ASSISTANCE ACT

EXTENSION OF APPLICATION TO YEARS 1952 AND 1953

The house resumed, from Wednesday, May 14, consideration of the motion of Mr. Prudham that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to extend the application of the Emergency Gold Mining Assistance Act to the years 1952 and 1953 and to clarify the provisions of subsection five of section three so as to provide for the assistance intended when this subsection was enacted in 1951.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

Mr. Murray (Cariboo): Mr. Chairman, I repeat that I believe it would be a splendid gesture in the year of the coronation for Canada to strike golden coins in certain denominations to mark that great festival.

The Chairman: Order. I think the other day the hon. member made the same suggestion and, if he will recall, I pointed out to him on that occasion that he was not in order. He is not any more in order this evening.

Mr. Murray (Cariboo): The position is this, that I am from a riding in which gold mining is an industry just like cattle ranching, lumbering or any of the other great natural industries. Any measure at all which could assist in improving the price of gold would certainly be of value to that part of Canada, and indeed to every other part in which gold mining is a great and basic industry. That would take in many parts of Quebec, northern Ontario, Manitoba, Saskatchewan, right across the country. I hope to see the day when Canada is released from any commitment under the international monetary fund. I hope to see the day when gold will command its proper price throughout the world. This would be of great benefit to our country, stimulating not only the gold mining industry but many others dependent upon it.

We have heard about the great development of iron in Labrador. The project now

being carried out would have been impossible had it not been for the genius and experience of men who had operated in gold in northern Ontario, who had acquired capital and the ability to participate in the development of that great iron ore industry in Quebec. In my own province, gold miners having acquired wealth in that industry have spent their money in many other industries, and have developed ranching, as well as mercantile and other activities in Vancouver, Victoria and elsewhere. In fact, the story in British Columbia is that the mining of gold has been fundamental to the success of that province.

Our north Atlantic allies should have a common coinage as well as a common monetary system. I had thought this might properly be considered under this resolution, but I believe I am ruled out of order, so I must be content to retire to a discussion of conditions within the boundaries of my own riding. We should continue this subsidy and increase it. By increasing the production of Canadian gold we can stimulate the business of all our people.

France hoards gold; the United States buys gold. Let us, then, follow the policy so well outlined by the Minister of Trade and Commerce, to sell our commodities in the best market. If France, United States and other nations wish to buy that metal product, then let us go into those markets and, as I say, free Canadian gold from control at the hands of men who, while their intentions may be good, direct institutions such as the international monetary fund. With all due respect to our own Minister of Finance I say those persons are often advised by theorists and by those who are not practical in the handling and directing of industries and the meeting of problems in the development of the northwest.

I do not wish to speak at greater length. I would point out, however, that during the last few months I have been in many of the new centres of northern British Columbia, as well as the Yukon and the Northwest Territories where, despite the low price of gold, development is going on. Large purchases are being made and a great market exists for the business houses of Vancouver, Edmonton, Toronto and elsewhere.

We are most fortunate in having a minister in the department who, I believe, shares the views I have endeavoured to present this evening. I commend him for continuing the subsidy to an industry which is vital to the success of our country.

Mr. Fulton: Mr. Chairman, the length of this discussion and its very thoughtful nature indicate that all hon. members have become aware of the fact that the gold mining industry has been made a sick industry through the restrictive policies now being followed by the government as a result of our adherence to the international monetary fund. I say the gold mining industry has been made a sick industry because any industry is sick when its welfare depends directly upon the continued favour of the government and the continued support of the public treasury.

When I refer to favour of the government, I do not have in mind industries the existence or continuation of which can be wrecked by sudden changes in domestic, fiscal or tariff policy, but rather industries the existence of which on a solvent basis depends upon subsidies from the treasury. It is the seriousness of that situation and the growing awareness that it should not be allowed to continue which have given rise to this thoughtful discussion.

I believe we have to support the resolution and the bill which will be based upon it because, for reasons given by the minister and others who have taken part in the debate, it is hoped that the measure will improve somewhat the present position of this vital industry. But the mere fact that we support the resolution and the bill will not be taken, I hope, as any indication that we are in favour of the general policy now being followed which, in effect, amounts to a continuation of restrictive barriers built up around the industry and against trading in the commodity it produces.

I am not going to repeat the arguments set out in the excellent and timely speech of the hon. member for York West, in which he prescribed in some detail measures which would lead to a cure of the present conditions from which the gold mining industry suffers. But it seems to me that anyone who thinks cannot avoid being struck by the folly of the situation in the world today where we find large numbers of people in this country and in South Africa—to name only two of the largest gold producing countries—busily engaged in digging this valuable commodity, out of one hole in the ground and shipping it to the United States where on the other hand a large number of people is busily engaged in burying and guarding it in another hole in the ground.

This is a commodity which is valuable not only because of its intrinsic worth, but also because of its use in international trade. When it is placed in the hole in the ground in the United States it can serve no useful purpose; the only purpose it serves is to preserve the artificial price set for gold, and

to continue a situation where the gold producing countries are denied the price and the place which would be theirs if international trade in gold were once again freely to take place.

Yet this situation, under which a commodity is dug out of one hole in the ground in one country and buried in another hole in the ground in another country, thus bringing about an artificially depressed price for gold, means that the price which our producers receive for the commodity—a price which is forced upon them by the present restrictive policies resulting from the international monetary fund to which, as yet, we continue to subscribe—bears no relationship to the price or the value which would attach to gold if it could be freely owned and used in trade. I join particularly with the hon. member for Eglinton in his statement the other day that he fully realizes and appreciates the difficulty of changing that situation. It cannot be lightly suggested that any country should withdraw from international agreements and obligations into which it has freely entered. But I do press strongly the point of view that unless we can see indications that these policies will be relaxed progressively, and that the relaxation will commence at an early date, we should serve notice that we may be compelled, in the discharge of the duty which is described as the prime function of this parliament—that is to consider first the interests of Canadians—to take measures which could only be taken if we did withdraw from that arrangement. Some of the remedies suggested perhaps do not involve immediately going that far, and I think they should be considered carefully; if it is at all possible they should be adopted whether or not we in fact withdraw from the fund.

It is for that reason we should see if it is not possible to allow the private ownership of gold in this country. Above all, we must take steps now leading to the restoration, at as early a date as possible, of the free market for gold. I believe that nothing plays into the hands of the communist countries and communist policies so much as the restrictions on the free movements of money and people which, as we see them in effect today, restrict the trade between ourselves and the sterling and other western European countries. The present conditions give a fair indication that if the restrictions are to continue, and particularly if they become any more serious, some form of economic breakdown will confront the western world. Nothing could contribute more to the furtherance of communist policy than that economic breakdown. In the last few years, on a number of occasions, we have only narrowly averted such a breakdown, the consequences of which would be more far-reaching than the breakdown of our military strength. It goes without saying that military strength cannot be maintained unless there is a sound economy behind it.

When we see the difficulties which confront this country in selling its produce in the markets of the world because of currency restrictions, impediments to convertibility; when we see the complexity of difficulties which we experience in bringing into Canada immigrants of the type that we want and who want to come here, because those immigrants cannot bring their money with them; when we see these artificial restrictions on the free flow of money and people, then I think we have to realize that some parts of the world are being forced to adopt the same policies which we so vigorously condemned when they were adopted by the dictator countries. One of the first things Hitler did was to prevent the export of money and then to prevent the movement of people out of Germany. Having done that, he then said they had too many people in Germany and had to have more living space; that was one of his main pretexts for military expansion. I cannot see the sense of condemning those policies in others, and then permitting a similar situation to arise as a result of these restrictions now being imposed on movements of this type today.

I am convinced that one of the prime tasks confronting the North Atlantic treaty nations, and one quite as urgent as the building up of their military strength, is the restoration of the freedom of people to cross international boundaries and the freedom to move money and goods across international boundaries. I believe one of the first requisites to the restoration of those freedoms would be the restoration of a free market for gold. It seems to me that an international commodity which is accepted everywhere as a basis of values would at least permit the start of the process which would lead to the restoration of convertibility.

Now, those general statements are as far as I dare go into the field of international finance, and I make even those statements with some trepidation. But I am convinced that these general principles are applicable, and that the considerations arising out of them are urgent.

I come then to the other set of circumstances which, as I have said, lead us to support this measure—although we take exception to the continuance of the general restrictive policy—that is, the immediate welfare of the gold mining industry. At the moment, this depends upon some additional

assistance along the lines which will be provided by the bill to be based on this resolution. Other members with greater knowledge of the mining industry have spoken of those factors, and I do not intend to repeat them. I do intend, however, to say that, having two large gold mines in the constituency which I represent, the Pioneer and Bralorne mines in the Bridge river valley, and knowing something in a general way of the difficulties which those mines are facing, the difficulties which they have found in keeping men and the conditions facing the men because of the difficulty in paying wages which are commensurate with wages paid in other branches of mining, I know that even the temporary and limited relief offered by this measure is something we must support.

Again, though, I urge the minister, for the sake of the welfare of the mining industry as well as for the sake of the welfare of this country and all western countries who must restore freedom in international trade, to lose no time in going further than this temporary measure and making his main effort the restoration of the value of gold and the free trade in it as a commodity.

Mr. Abbott: I know this is not the time to enter into a discussion of the functions of gold in a world economy, but I think perhaps I should say just a word in view of the inference of the hon. member that the difficulties which are now facing the gold mining industry of this country, and other gold producing countries, are due to what he has referred to as the restrictions imposed by the international monetary fund. The causes of those difficulties are very much more deep rooted than that. The very thoughtful speech which was made by the hon. member for York West the other day—I was sorry I was not here to listen to it—and the speech given by the member for Kamloops, show that they must have given a great deal of time and study to the history of gold as a foundation for currency.

The traditional role of gold, however, has been as a means of settling international balances and as a storehouse value. It has retained that position because it has had a stable value, not a fluctuating value. In the past it has been fixed by statute as a unit of national currency containing so many ounces of gold of a certain standard of weight and fineness. That is the traditional role of gold, and that is the only way we shall maintain gold as a metal having the value it has today. Gold itself, as was so rightly pointed out by the member for York West, has very little intrinsic value. Its uses in the arts are extensive, but they certainly would not account for one moment for the gold produced in this country alone, let alone that of South Africa and many others. The traditional value of gold, therefore, depends upon its being accepted as a suitable medium of exchange. Really to oversimplify it, the present value of gold today depends upon the willingness of the United States treasury to take it and to give $35 an ounce worth of goods and services for it. If the United States treasury ever stopped doing that, I can tell you that the Canadian gold producers would be in a much more serious position than they are at this moment.

There is a good deal of talk about this free market for gold. Those of us who have followed this question have been rather interested in what has happened since there have been these relaxations with regard to the sale of gold, in processed form, it is true, but in very slightly processed form. The fact that Canada and Southern Rhodesia have entered that market along with South Africa has had the effect of sharply depressing the price. I venture to say that if the so-called shackles were all done away with, if we offered the $110 million worth of gold production we have in this country freely and if South Africa and everybody else did the same thing, the United States would be reluctant to give $35 worth of automobiles, steel or what have you for our gold production, in view of the fact that they now have some $23 billion or $24 billion worth of non-productive gold, as my hon. friend has said, down in the vaults at Fort Knox, Kentucky. I would therefore not take it for granted, as some people do, that Canada gets no benefit from being a member of the international monetary fund.

This is a question on which opinions may differ. That may not be the best medium for maintaining the stable, traditional role of gold in the world economy, but it is one means. The international monetary fund is participated in by most of the major trading countries of the world with the exception of soviet Russia, and by all the major gold producers. I think that statement should be made here. As I have had occasion to do under other circumstances, I again remind hon. members that the continued value of gold and the future of the gold mining industry is dependent, under today's conditions, upon the United States treasury being willing to purchase it. Whether the price of gold will be raised from its present value of $35 an ounce to something else, as was done in 1933, is a matter on which opinions may differ. I am perhaps saying the obvious

when I say the policy of the United States treasury would be a rather important factor in that eventuality.

Mr. Adamson: Mr. Chairman, I am interested in what the Minister of Finance has just said. I disagree with him in the statement that the price of gold depends entirely upon what the United States treasury is prepared to pay, for this reason. At the present time the United States treasury and the other monetary authorities are merely purchasing some 15 per cent of the world's total output of gold. The rest of it is going not to treasury sources but to sources outside the monetary funds of the various nations. As a matter of fact, according to the United Nations, production last year was some $856 million, based on $35 an ounce, of which $130 million went into monetary funds. The rest went to sources not controlled by the United States treasury. Therefore if you have an organization that is prepared to pay a price for a commodity, and by paying that price can purchase only 15 per cent of the world's output, I think it is incorrect to say that that purchaser controls the price of that commodity.

My point is simply this. The return to a fixed value for gold which is accepted by the people of the world is desirable. It is not happening at the present time. The way to arrive at that price at which gold will be accepted—the whole 100 per cent of the production, the whole gold that is in hoards, doing no good to anybody or at least very little—is by some method in which you take the restrictions off owning, holding, importing or exporting gold. Those methods are, of necessity, complicated. However, that is the only way in which the true price for this commodity can be arrived at. In my opinion, Mr. Chairman, if the United States were willing to say that gold is worth $35 an ounce, they would offer to sell it against their own currency for $35 an ounce, and to their own nationals; but they are not prepared to do that. I suggest to the Minister of Finance and to you, Mr. Chairman, that there would be a great drain on the hoard at Fort Knox, which the United States treasury could ill afford to stand despite the fact that they are today the world's greatest creditor nation.

Just in this week's New York *Times* there is in the magazine section an article by Hoffman, the economic correspondent of the *Times*, saying that there are some $6 billion of gold in Europe alone and that the freeing of that hoard and the putting of that hoard to work would, in his opinion, go a long way towards solving the exchange problems of the European continent.

Mr. Abbott: How do we do that?

Mr. Adamson: That is his article. I will give it to the minister.

Mr. Abbott: He does not know any more than we do about it.

Mr. Adamson: It is his article.

Mr. Abbott: How do we do it? That is the big question.

Mr. Adamson: If gold were free; if restrictions were taken off gold—because gold is merely a form of capital—and if it were allowed to move freely, the situation would be like that portrayed in the old fable by Aesop of the man with the coat, the sun and the wind. Both wanted to get him to take his coat off. The wind tried to blow the coat off, and the man held his coat around him tighter and tighter. The sun came out and made things warm and pleasant and he took off his coat because he did not need it any more. What we must do is make international climatic conditions so financially pleasant that people will not hold gold but will put it to work.

In another article in the same paper it is estimated that there are some 10,000 ounces a day of gold going into the black market through New York channels—they call it the black market but it is in fact really the free market or the open market—and that gold smuggling has reached such an extent that less than one in fifty of the gold smugglers are caught. I mention these things because I appreciate the minister's point of view. But, Mr. Chairman, we must take steps to free currency and exchange. We are not doing it at the present time.

Mr. Abbott: We have.

Mr. Adamson: We freed our dollar.

Mr. Abbott: Yes.

Mr. Adamson: I think we should take the next step and free gold. The minister says we freed our dollar. That is something I advocated many years ago, and I think we should have done it long before we did. I think we should have had the courage to do it many years ago, as we should now have the courage to free gold. I think we should have had the courage to do it many years ago. At the same time I think we should have the courage, as I said on Wednesday, to take the steps to free our exchange and establish an open gold market in this country. I believe it would be the beginning of more freely convertible exchange conditions. You have the situation, Mr. Chairman, where 15 per cent or less of the gold at the present time is going into what no doubt the minister will say are useful channels. The rest of it

is going into what the minister would probably say is a black market, hoards, which is undesirable.

What are the steps to be taken to make gold the useful monetary commodity that it once was? In my opinion the first thing you have to do is free it. The first thing you have to do with any type of exchange is endeavour to free the trading in it. If the free market is not the way, if anybody can suggest a better way, I would be interested. At the present time we are going from bad to worse. We are destroying our industry, and nowhere do you find trading becoming easier in the world.

The final argument, Mr. Chairman, is that unless we in this country for our own good, let alone the good of the free world, and especially international trade, do this, we are going to further compartmentalize trade, we are going to continue currency blocs, restrictions and all the other devilish devices of scarcity, and by so doing we are not restoring the trade of the world.

I believe gold is a weapon we must use, and we must use it as a freely exchangeable commodity without any strings of any kind attached to it. That is my plea, Mr. Chairman.

Mr. Graydon: May I ask the minister one question? I am concerned about the number of workers who are engaged in the gold mines of Canada. Parliament had better consider their situation pretty carefully. I have listened to the remarks that have been made by hon. members and because every one of whom knows so much more about the subject than I do I take their word for many of the things that in some other debates I might be looking at with a more critical eye. I have listened to the debates very carefully, and I have been very much impressed with what has been said. The thing I am concerned about is this. If the gold mines of this country are in the condition which it has been said they are, and if the future under our present system is so uncertain, then I think parliament had better give very careful consideration to the people whose very lives are tied up in the question of work in these mines. You cannot just uproot working people and push them around. They have gone into this mining work with the idea of making it a livelihood, a vocation, and not just a temporary one, but a permanent one. For my own satisfaction I should like to know how many are involved in gold mining in Canada, because I think that is a figure we ought to have in this debate.

Mr. Prudham: I have not that figure with me, but from memory I think it is 26,000 people, but I could be wrong.

Mr. Adamson: It is 36,000.

Mr. Prudham: The resolution we have before us tonight proposes amendments to the Emergency Gold Mining Assistance Act. We have had a very interesting and I think profitable discussion of this resolution. The Emergency Gold Mining Assistance Act was never designed to cure the ills that beset the industry. It cannot deal in any way with the international monetary fund or with other problems in the realm of finance. It is designed solely for the purpose of providing emergency assistance to the industry over a difficult period. Subsequent amendments, and the amendments that we now propose, do not alter the original intent of the act in any way, and I think we all understand that.

The discussion has all been very helpful, and I hope the committee will see fit to pass the resolution tonight so I can have these amendments before the house. I can also say that I expect that we shall have the report of last year's operations of the act in the hands of hon. members before second reading.

Mr. Graydon: May I ask one question before the debate ends, of either the Minister of Finance or the Minister of Mines and Technical Surveys. In your opinion what is the future of gold mining? You know the picture behind it. I think we are entitled to know just what the picture is, because there has been a good deal of debate here tonight. You two experts over there ought to be able to answer the question I am asking.

Mr. Prudham: I think the gold mining industry is going to survive. I just recently returned from a very interesting and educational trip into northwestern Quebec. The Minister of National Revenue and the hon. member for Villeneuve (Mr. Dumas) were also in the party. I was very much pleased to see the thriving communities, the modern towns with every convenience, paved streets and beautiful public buildings and permanent homes. The mines are practically all in operation. Of course, there are casualties. You always have casualties in the mining industry. Mining is always a wasting industry but we saw many new mines coming into production. We saw two or three on that short trip. One thing that is perhaps overlooked by some hon. members is the fact that the government gives a three-year exemption of taxes on new mines. A great many of them are taking advantage of that and are bring new mines into production.

The engineers are a fine group of young businessmen, as fine a group as you will find anywhere in Canada. They are applying their energy and skill to developing better methods of production, better methods of

treating the ores, and they are developing new economies. I think they are going to pull the industry through.

Mr. Graydon: You think it will go back to where it was?

Mr. Prudham: Well, your opinion is as good as mine. I think it will.

Resolution reported, read the second time and concurred in.

Mr. Prudham thereupon moved for leave to introduce Bill No. 242, to amend the Emergency Gold Mining Assistance Act.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up the resolution standing in the name of the Prime Minister to provide for the establishment of a national library; then the resolution to amend the Canada Grain Act; then Bill No. 194, to amend the Aeronautics Act; Bill No. 224, respecting the Canadian forces. There are three bills in the name of the Minister of Justice: Bill No. 63, to amend the Prisons and Reformatories Act; Bill No. 196, to amend the Supreme Court Act and Bill No. 197, to amend the Interpretation Act. If we have time we will take up the resolution to approve the supplementary extradition convention.

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

HOUSE OF COMMONS

Tuesday, May 20, 1952

The house met at three o'clock.

EMERGENCY POWERS

RESULT OF APPEAL IN ATTORNEY GENERAL OF CANADA AND CANADIAN WHEAT BOARD V. NOLAN AND HALLET AND CAREY LIMITED

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I think members of the house would be interested in an up-to-date report upon the proceedings between Jeremiah J. Nolan, Hallet and Carey Limited et al, and the Attorney General of Canada and the Canadian Wheat Board. The most succinct statement I might make in that connection is to read a self-explanatory wire which we have just received from our agents, Charles Russell and Company of London. The wire reads as follows:

Nolan appeals allowed.

The reference here is to the attorney general's appeal against the judgment in favour of Mr. Nolan. The wire proceeds:

Orders Supreme Court Canada court appeal court Queen's bench Manitoba in both actions set aside except as to costs. Judgment dismisses action commenced by Nolan and as regards action commenced by board judgment is for board against Nolan for amount moneys remaining in court.

Actions remitted to court appeal and court Queen's bench Manitoba for order payment out to board of moneys in court. Costs proceedings Canada and privy council in accordance with terms granting special leave. Airmailing reasons.

The wire is signed by Charles Russell and Company.

PRIVATE BILLS

REFERENCE OF PETITION TO COMMITTEE ON STANDING ORDERS

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

That the petition of Frank Ashworth for a bill of divorce, presented on May 19, 1952, together with the report made thereon by the clerk of petitions on May 20, 1952, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable in relation to standing orders 92 and 93 (3) (a) and (c).

Motion agreed to.

INCOME TAX

RELIEF FUNDS FOR HIGH WATER LEVEL AREAS—DEDUCTION OF SUBSCRIPTIONS

On the orders of the day:

Mr. Rodney Adamson (York West): I should like to direct a question to the Minister of National Revenue. I regret that I have not had an opportunity to give him notice of it but he may take it as notice now. Have subscriptions to relief funds for the rehabilitation of persons who have suffered from high water levels of lake Ontario, specifically the fund raised in the municipality of Long Branch, been allowed or disallowed as deductions from income for tax purposes?

Hon. J. J. McCann (Minister of National Revenue): It is a question of dealing with each application upon its own merits. Those who are interested would have to make application to the department—it is an administrative problem—and an answer would be given in due course. I shall take the hon. gentleman's question as notice and give him a more detailed answer tomorrow.

BREAD

INQUIRY AS TO REPORT OF CONFERENCE ON USE OF COLOURING MATTER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I ask the Minister of National Health and Welfare if he is yet in a position to make a report on the conference which was to have been held recently respecting regulations to make sure that brown bread is whole-wheat bread and not white bread dyed brown.

Hon. Paul Martin (Minister of National Health and Welfare): I am in a position to make a statement, but I shall be very glad to deal with this when my estimates are up for discussion.

NATIONAL LIBRARY

PROVISION FOR ESTABLISHMENT—APPOINTMENT OF NATIONAL LIBRARIAN

Right Hon. L. S. St. Laurent (Prime Minister) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the establishment of a national library and for the appointment and remuneration of a national librarian and an assistant national librarian; to provide also for the appointment, in accordance with the provisions of the Civil Service Act, of such officers, clerks and employees necessary for the proper control and management of the national library; to provide also for the establishment of an advisory council and for the payment of the travelling and living expenses of the members thereof; and to provide further for the establishment in the consolidated revenue fund of

a special account to which shall be credited any money appropriated by parliament for the purpose of acquiring books and of a special account called the national library special operating account to which shall be credited all moneys received by way of donation, bequest or otherwise and that any amount required for the purpose of the said measure may be paid out of the national library special operating account or out of any money appropriated by parliament for such purposes.

Mr. Drew: Is the Prime Minister going to make a statement?

Mr. St. Laurent: I have a statement to make but it seemed to me that it might be more convenient if I made it when the house was in committee because then questions could be asked and answered to elucidate the statement and to give such further information as I might have available. There is another reason for my preference to do it that way. This is a motion under standing order 60 and that standing order provides:

If any motion be made in the house for any public aid or charge upon the people, the consideration and debate thereof may not be presently entered upon, but shall be adjourned till such further day as the house thinks fit to appoint; and then it shall be referred to a committee of the whole house, before any resolution or vote of the house do pass thereupon.

The motion being moved at this time is merely a motion that Mr. Speaker do leave the chair so that the standing order can be complied with. There cannot at this stage or until the committee has considered the resolution be any vote of the house upon its substance. So that it would not seem to be in accord with the standing order to discuss at this time the merits or demerits of the resolution. That has to be considered first of all in committee before there can be any expression of opinion by the house upon its merits or demerits.

I do not want to start a long discussion about procedure at this time, but I think it is a matter worthy of consideration. There is the practical advantage that if I make my statement when the house is in committee hon. members will have the opportunity of asking me for further information about any points I may be suggesting in support of the resolution.

Mr. Drew: Mr. Speaker, I suggest that this is a most important subject and it is desirable to proceed upon the basis of a statement from the government as to its general intention. I am certainly of the impression that when we have had similar motions before us in regard to other matters statements have been made and that it has been customary for other members to express their opinions in regard to the matter under consideration.

I would point out that if a statement is made now by the Prime Minister (Mr. St. Laurent) as to the general intention of the government in connection with this important matter it will then be possible for hon. members to ask questions when we have gone into committee. I think what should be borne in mind in connection with this is that the subject matter is something about which I am sure there is no dispute. I feel sure that all hon. members welcome the decision to proceed with something which has been requested for a great many years.

I think it would be helpful if hon. members had a statement from the government as to the way in which they propose to proceed with this matter. Doubtless other hon. members besides myself will wish to say something in the light of what the Prime Minister would say. Then, if the motion is adopted, as I trust it will be unanimously, it will be possible to ask any question that may suggest itself when we have proceeded into committee. I respectfully ask the Prime Minister to follow that course.

Mr. St. Laurent: Mr. Speaker, in view of the fact that it would take some time perhaps to reach a definite decision as to what standing order 60 really means because of the practice which has grown up in the past I have no objection to making my statement now. But I make it under reserve of my request to His Honour the Speaker to consider standing order 60 and at some future time give us the benefit of his opinion as to its proper construction.

As the leader of the opposition (Mr. Drew) has said, I am sure that there will be no one in this house who will not consider that this matter is of sufficient importance to warrant taking up the time of the committee of the whole to consider whether a bill should be introduced. I think it is safe to assume that all members of the house will be glad to see some step made toward the realization of a national library for the Canadian nation. I think it is also safe to say that there was nothing included in the speech by which His Excellency opened this parliament which was more decidedly commended than the announcement that there would be introduced at this time legislation preliminary to the establishment of a national library.

The leader of the opposition is right in saying that for some time past a number of requests have been made that steps be taken toward establishing this kind of public service for the Canadian people. Late in 1946 a brief was presented to the government by a group of societies, including the Canadian Library Asssociation, the Royal Society of Canada and others, asking that the first

preliminary steps toward the organization of a national library in Canada should be taken at the earliest moment.

In September, 1948, the newly appointed dominion archivist was given the special assignment of preparing the way for the establishment of a national library, and a national library advisory committee was appointed under his chairmanship. On the advice of this committee the government approved the establishment in 1950 of the bibliographic centre which was intended to be the first unit of the national library. This centre is temporarily located in the public archives building.

Then in 1949 the royal commission on national development in the arts, letters and sciences was appointed and asked to consider the national library question. The purpose of the bill to follow this resolution is to carry into effect the recommendation of the royal commission that a national library be established without delay.

Just a word about the present plan. The bill to be introduced if the committee approves the resolution will give ample authority for the organization of a full-fledged national library. Of course this is not something that is going to be realized overnight. It may be that under existing conditions some time must necessarily pass before the project is well advanced in implementation. In the first place, defence requirements make the immediate construction of a new building impracticable for the time being and a national library cannot function with maximum benefit to the community without suitable quarters.

In the second place a great amount of cataloguing of books and other preliminary work must be done before the national library itself can begin to lend books, to give an adequate reference service to inquirers and perform other functions of a public library. It is this essential preliminary work which the government is proposing should be pushed forward immediately, in the hope that the day when a suitable building can be erected will not be too far distant.

I should like now to say a word as to the character of the library. Hon. members who have read the recommendations of the advisory committee which was tabled on March 3 last, and which the government has accepted in principle, will know that the proposed national library promises to be somewhat different in character from the national libraries in many other countries.

It is axiomatic that no modern government can function without books, and the government of Canada is no exception. Since no national library has been in existence, essential book needs have had to be met from other sources. The library of parliament has done its best to fill partially that gap, and the public archives have for many years been performing services normally associated with a national library rather than with archives. Many of the department libraries came into existence originally because there was no national library to furnish the services that were necessary. It is not proposed that the new national library should absorb all these collections, but that it should complement them where needed, and by pooling their catalogues should make them into a more closely knit library system so that what is already in existence elsewhere will become available to those who might require the information from those books through the national library.

In making its plans for the national library the government has assumed that there will be the closest possible co-operation between the new library, the library of parliament, the libraries of government departments and agencies, and also between the national library and many of the public libraries throughout the country. We want to reduce to a minimum unnecessary duplication. For example, there is no thought of building up new scientific collections that would rival or duplicate those already in the library of the national research council. Those books will be included, however, in the general catalogue, and on proper occasions they will be made available through the services of the national library to students who may require to consult them.

One basic objective of any national library, I think, is to become the most comprehensive library in the world on its own country. It is proposed that Canada's national library should try to reach that objective, but that in working towards that end it should co-operate with other government libraries, and with a large number of other institutions throughout Canada. The bill to be introduced, if and when the resolution is adopted, will contain a deposit law. The Massey report recommends that the national library should secure as complete a collection as possible of books published in Canada, books published by Canadians and of books on Canadian themes, all to the end that it might be the most comprehensive collection of books in the world relating to Canada.

In other countries corresponding publications are secured mostly under the provisions of their respective copyright or deposit laws which require the publishers to send copies of new books, pamphlets or maps and so forth to the national library. The proposed bill would establish a deposit system in

Canada, but perhaps not as stringent and rigorous as the systems that exist elsewhere, at least not initially.

This deposit requirement is not entirely new. There is already a partial requirement for deposit under section 11 of the Copyright Act amendment of 1931, which directs that two copies of every work copyrighted in Canada should be sent to the library of parliament. In drafting this bill, care has been taken to avoid any clash between the copyright provision and the intended provision with respect to deposit under the new act. A deposit law supplementary to the copyright law is, I think, very desirable, because a considerable number of publications which the national library will wish to secure and preserve are not formally protected under the copyright act. Some of them could not be copyrighted as they consist mainly of material already in the public domain.

With respect to imported books, the government is well aware of the large proportion of books, listed on the catalogues of Canadian publishing firms, which are printed in other countries and imported into Canada. Most of these originate in Great Britain, in France and in the United States. Those publications number many thousands each year, and although they are published in Canada, in the sense that they are released here for public distribution or sale, the firms handling them are actually acting more in the capacity of agents than publishers. It seems to me it would be unfair to claim two free copies of all these thousands of titles, and it is proposed that regulations will be made under the new legislation which will provide suitable exemptions and will, in fact, confine the deposit requirements to books wholly or partially produced in Canada, books published by Canadian authors and books the contents of which relate in some significant way to Canadian affairs.

To cite a theoretical example, a history of Canada published in Great Britain and imported through an agency in Canada for distribution and sale would have to be sent to the national library. A history of China, however, similarly published outside of Canada and of which some copies might be imported for distribution, would not be required to be deposited in the national library.

It may be well to point out at once that the deposit provision in the proposed bill is much less onerous than similar provisions existing in many other countries. In France, where the law of deposit has been in effect for more than four hundred years, both the printer and the publisher must deposit copies and an additional copy must be sent in every time the book is reprinted, even though the reprint may not contain any new material. In Great Britain, where deposit is made under a copyright law, as many as six copies may be requested. The Oxford university library, the Cambridge university library, the national library of Scotland and other institutions have, by law, the right to claim copies under the British Copyright Act.

By contrast, the bill we propose to introduce would require a maximum of two copies, and if the work exceeds a certain retail value this requirement is reduced to one copy. The retail value suggested is $25. If the retail value of a book is more than $25, the requirement provided by the bill would be that the deposit of one copy would be sufficient.

I should like to say a word about the union catalogue. I believe that one of the most important duties of the proposed national library will be the preparation of a union catalogue. As this name implies, it is a catalogue in which the individual catalogues of many libraries will be combined in a single alphabetical system. Work on such a program has been in progress in Ottawa for the last two years.

The catalogues of most of the libraries in Ottawa are now included and those of half a dozen important collections elsewhere have been either completely secured or partially secured. The ultimate aim is to build up a complete key to the contents of every important collection of books in Canada. With such a catalogue in its possession the national library will be able to tell anyone in the matter of a few minutes whether a copy of any particular book is to be found in Canada, and if one exists, the name of the library in which it is located. It is hoped that there will be organized a service whereby the national library will be able to have that book sent here so that it may be available to the inquirer.

The national library would have the task of preparing and maintaining a national bibliography. By that, as hon. members know, is meant a complete and systematic listing of all new publications issued in Canada, written by Canadians or relating in any important way to this country. Work on this project has been in progress since the beginning of 1951, and the bibliography is already being published monthly under the title of *Canadiana*. I should like to table a complete set of the monthly bulletins that have been issued so that hon. members may see that already a great deal of valuable work of lasting benefit to the Canadian public has been accomplished by this germ

of our national library, with the modest funds that have so far been voted by parliament to that end.

The bill proposes to continue in a formal way the somewhat informal national library advisory committee which has been in existence since 1948-49. This committee has over the last three or four years been meeting twice a year, and it is not anticipated that the new advisory council would need to meet more frequently than a couple of times a year. It is proposed that it be made up of twelve members, that there be at least one member for each of the ten Canadian provinces, and two others selected at large.

As to the operating policy, it may be well to note that ultimately the new national library is intended to serve both the government and the public. The value to the government is obvious enough. But the library is also planned to serve any citizen of Canada who has need of the information available in the national library itself, or in one of the libraries throughout Canada represented in the union catalogue.

Service to the public will normally be given through another library. If, for example, a person residing in Vancouver has need for certain books that are in the library in Ottawa, he will apply to the Vancouver public library or to the library of the university of British Columbia, and the librarian there would borrow the books from the national library here, instead of the national library here sending them direct to the inquirer. By arranging the loan in this way, the responsibility for borrowing the material will be taken by an institution which knows the person concerned and which will be in a position to supervise his use of the book and to make reasonably sure that no abuses will be committed in that way. I think there is already a mutual arrangement between the university of British Columbia and two or three United States universities whereby their joint library treasures are available to the public of the various communities they serve, and that it is done in that way.

The Canadian Library Association has emphasized many times the importance of having adequate photo-duplicating equipment available in a national library. The reason they give is that many requests will be received for rare or valuable books, or for material which it would not be prudent to allow out of the premises. Photographic copies of these, which can be made very cheaply, would be furnished instead of the books themselves. Such a procedure would safeguard our rare books and yet make their contents available to those who have a real interest in securing such information. I understand that that is also something which has had the benefit of practical experience in other institutions where union catalogues are used.

With respect to a building, the proposed legislation has been modelled in large part on the legislation respecting the national gallery which was enacted at the last session of parliament. The gallery, of course, is a corporation having its own board of trustees whilst, under the proposal to be submitted following the adoption of this resolution, the library will be under the direct responsibility of a minister of the crown, the national librarian and the assistant national librarian, but its operations will be largely parallel to those of the national gallery. This will also probably be true in the case of building policy.

The government last year authorized the board of trustees of the national gallery to take appropriate steps looking to the erection of an appropriate building to house the national gallery. Hon. members know that a competition for the selection of an architect has been established by the board of governors of the national gallery. The site for the national gallery has been selected. The site that has been selected is Cartier square where are to be found the temporary buildings now housing much of the Department of National Defence. This competition gives every promise of having excited the interest of the best architectural talent in Canada. The competition is to run until the autumn. It is a competition not necessarily to select the plans for the gallery but to select the architect who will draw the plans; and it is expected that the sketches that will be submitted in this preliminary competition will reveal to the board examining the sketches the qualities of the architect who will prepare them, and his competence or otherwise to carry out the undertaking of providing a suitable national gallery.

There has been no definite selection of a site for the library, but the report suggests that an appropriate site might be on the banks of the Ottawa river at the end of Bank street where a building could be erected with several storeys below the street level, which building would provide valuable and reasonably safe stack space and would be connected with the library of parliament by an underground passage that would provide a physical connection between the two places where the books were being kept. That question has not yet been definitely decided, but it is hoped that it will be possible at an early date to select at least tentatively an appropriate site for a building.

The present thought is that it would be desirable to have a competition open to all

Canadian architects to submit sketches from which selection of an architect to prepare the plans could be made, and that the plans could be got ready, so that, as soon as circumstances warranted the expenditure and the use of the manpower and material for the erection of the appropriate building, it could be proceeded with and the hazards to which this valuable collection housed in the parliamentary library are subject could be substantially diminished. There is great congestion in the parliamentary library. It contains many many books that could not be replaced at any cost, and I think it is desirable to look upon the provision of proper safekeeping for these treasures as a matter worthy of pretty high priority.

With respect to administration, the bibliographic centre and such national library activities as are being carried on at the present time are conducted under the direction of the dominion archivist. If this proposal meets with the approval of parliament, it is the intention to make the dominion archivist the national librarian, and to continue the policy of developing the national library under his supervision.

The Massey commission expressed the opinion that ultimately the national library and the public archives should develop separately under independent heads. That may be desirable, but the commission went on to say, however, that it felt "it would be unsuitable at this time to break the personal union between the (bibliographic) centre and the archives." And I think some practical experience of joint administration of these two services would appear to be desirable before there is any policy determined with finality with respect to separating them.

There are a good many points in favour of the closest possible relationship between the national library and the public archives, perhaps particularly in view of the special conditions under which we find ourselves here in Canada, and of the fact that public archives are the material upon which many of the books that will come in future into the national library will be based.

In order that the national library may adequately serve the needs of those who habitually work in both official languages, it is proposed to make the first assistant national librarian at this time French-speaking because the librarian will be English-speaking. It is hoped that that kind of precedent would be considered seriously with respect to future appointments. I think it might very well be, as provided in the rules of this house, that the principal assistant to the librarian be perfectly familiar with the tongue which is not the mother tongue of the librarian.

There is also a provision in the estimates for a small amount for continuing this bibliographic centre's work. It is probable that if the house looks favourably upon this proposal there will have to be another modest provision made in the supplementary estimates. It would be a provision that would be substantially below $100,000 this year; but the amount that is already provided in the estimates would not appear to be sufficient to do what the dominion archivist feels could be accomplished to good purposes at the present time.

I hope that the reaction of all hon. members to this proposal will be much like the reaction of the press since the introduction of the resolution has been announced in the press, and that everyone would feel that this is a matter of national consequence that should be proceeded with with reasonable dispatch and should have among the civilian activities of the Canadian people a high priority.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, as I indicated earlier, I am sure that all hon. members will welcome the first step in what would appear to be the fulfilment of a dream that has engaged the imagination and the hopes of Canadians for a very long time.

Ever since this country became one nation at confederation there have been repeated suggestions that a national library would be in keeping with the status and dignity of the nation which had been brought together in that way. One of the things which undoubtedly present a special problem is that the very size of the country itself makes it difficult to determine exactly how far a national library will go in providing books which will be available for all Canadians in every part of Canada.

It is inevitable that a very large proportion of the people of Canada will not find it possible to avail themselves of whatever facilities are provided in the city of Ottawa. For that reason it would seem of very great importance that from the very beginning the thought should always be in the minds of those who are planning the procedure and acquiring the books that whatever is done should be done in a way that will, on the one hand, establish a library truly national in its structure and in the contents of that library itself, and at the same time make it something that as far as possible is available to all Canadians who seek the opportunity to gain knowledge from the books that are stored here and made available under some procedure such as that outlined by the Prime Minister (Mr. St. Laurent).

If anyone examines the things that have been said about libraries he will find that there are two very widely separated points of view. To the cynic, a library is merely a cemetery of books. To the person who wishes to dominate the minds of the people, a library is a danger. We have seen in recent years that those who sought to set up dictatorships in different countries in Europe and elsewhere burned some of the great library collections so that those thoughts which might in themselves give heart and vigour to the people who loved freedom would disappear from the country. That has gone on for many centuries, and we read of the similar destruction of libraries even as long as 2,000 years ago. It does seem, therefore, that what is essential in planning this library is that at the outset there be a very clear understanding of the real function of this library in the national life of Canada, and the manner in which it will be made available to the people generally.

A library can either be a mere cemetery of books or it can be a repository of the living thought of the ages depending upon the procedure that is followed in establishing a direct contact between that library and the people themselves. The great task of the highly skilled librarian is to develop an interest in the books of the library, to keep before the people the availability of those books and to encourage their use for whatever purposes they may be sought.

The Prime Minister has spoken of the cataloguing of the books and the setting up of appropriate plans which will lay the foundation for the future acquisition of books throughout the years ahead. A clear determination now of what is to be placed in the national library, and what is to be acquired for that library, as distinguished from the many great public libraries across the country is essential at this time.

I was very interested in the Prime Minister's statement that, following the recommendations of the advisory committee, it was hoped that a site such as that which could be found at the end of Bank street, on the banks of the Ottawa river, might be chosen; because it would then be possible to connect that library by a passage to the library of parliament. In those words the Prime Minister answered a question I had in my own mind. I was interested to know what the future of the library of parliament was to be, and I take the statement he has made as an indication that the library of parliament is to be continued, and that its work will be closely associated with that of the national library. I believe members of parliament will welcome that information, because it would be a great inconvenience to them if those books which are normally required by members were not readily available in this building.

On the other hand I am sure there are in the parliamentary library at this time precious volumes it would be wise to move to the new national library building, for purpose of safekeeping. One of the points raised in the report of the Massey commission is that there are in the parliamentary library extremely valuable volumes which are not adequately protected against the danger of fire.

Also at this time I should like to pay my own tribute, one in which I feel sure every member of parliament will join, to the librarians and the staff of the parliamentary library. I feel sure that every member of the House of Commons has shared my experience in this respect. It would be impossible anywhere to find greater courtesy, greater industry and a greater desire to be of service to the members when they seek information which can be obtained in that library. I have had some experience with libraries in different places, and I must say that I have been deeply impressed with the way in which the librarians, and those associated with them here, are able to find quotations and references in a very short space of time, when requisitions are made to them with a sufficient indication of what is really sought to make it possible for them to use their excellent indexing system. I mention this not only to pay a well-deserved tribute to these splendid public servants, but also simply to emphasize the fact that in building up a national library here we have the advantage of long years of experience and a skilled staff close at hand who can be of immense help in considering the plans that should be made in connection with the early purchases for the new library, and the plans for acquisitions to be made in future years.

I was happy to hear what the Prime Minister said with regard to the preparation of a union catalogue. In this vast country—and sometimes I think we are inclined to forget how vast it is—there is great difficulty in integrating activities of a similar nature. Nevertheless it is doubtful if anything could be more helpful to Canadian students of all ages than a union catalogue which will make it possible for them to learn where they can obtain information on any subject in which they may be interested.

The Prime Minister touched upon an important point when he referred to the close association of the archives with a national

library. The archives will provide a considerable amount of material which can be used by those Canadians who will write our own history and those works of fiction which, in themselves, in due course become a part of our history.

There are many exciting examples of what our archives have already meant to us. For that reason I should like to recall what seems to me to be one of the most romantic examples of the value of public archives well indexed under various subheadings, so that people may know where to seek certain information. I mention this only in the hope that this particular part of our recent history in Canada may stand as a challenge to the imagination of Canadian youth, when they are told that they will have available to them not only the archives but a national library of this kind.

Our thoughts have been directed in recent years, and in most dramatic circumstances, to the importance of uranium and the various products of pitchblende. For that reason it is of more than passing interest to Canadians to recall how the great radium mine on Great Bear lake came to be discovered. Only a few days ago in the house, in an entirely different type of discussion, reference was made to the fact that the Eldorado mine was discovered by those who had been associated with a gold mine that had ceased to operate profitably, with the result that they had begun to seek a new mining property. It is not very often that a mining company finding itself near the end of its resources in one area goes out and succeeds in finding another mine. These men were looking for another gold mine. They found something that turned out to be infinitely more important, but the way in which they came to find it has a direct bearing on the importance of archives and the indexing not only of the contents of the archives but of the national library which is to be associated with it.

When Gilbert La Bine decided to seek a new mine he recalled having heard something about the discoveries of Samuel Hearne in the Arctic when he was travelling through that region in the 1760's. He recalled some reference to mineral deposits in that northern region. He came here and in the archives at Ottawa he found a reference to evidence of a shining metal that Hearne had seen on a promontory which might well be on the shores of Great Bear lake. It was for that reason that he engaged the services of one of the great pioneer bush pilots to fly him to the shores of Great Bear lake. There he sought the mineral deposits of which Hearne had written so many years before.

Of course there was no map at the time Hearne was there which even gave an indication of that enormous lake in the distant northland which is larger than lake Ontario or lake Erie. They were leaving the area in which they had sought to find a mine and were flying south at a time when the sun was fairly low. They saw the gossan which indicated mineral deposits. It was approaching the time of the freeze-up. They flew farther south and then arranged for dog teams. They went back, and to make an exciting story of Canadian adventure short they found what would appear to be the very mineral outcroppings that Hearne had seen so long ago. That discovery became one of the vital factors in Canada's important part in the recent struggle for freedom.

I mention that incident because it is quite possible that hidden in the archives at this very time there may be other equally interesting references from the past which may well be the guiding star for some Canadian of imagination and enterprise at some time in the future. But whether it be in the field of material achievement as in the case of the discovery of the Eldorado mine or whether it be in the achievements of the mind which in the years ahead will be still more important, the archives and the library will lay the foundation for Canadian development and for the improvement of the life of the country in its most important aspects.

The Prime Minister has spoken of the possibility of employing photography to make copies of important documents. I would hope that those documents which are distinctly a part of the early history of Canada would be photographed and made available in all the main libraries throughout Canada. It can be done at moderate expense and in a way that will make all the information available while leaving the original documents safely in Ottawa under the type of protection which should be afforded to the basic history of Canada.

In this respect may I recall that our history has been closely associated with the building up of collections of books. So far as I can ascertain, the first collection of books that might be regarded as a real library was to be found in the early settlement of Port Royal about 1606. It was a private collection which became a source of great satisfaction to the people of the community in those early days. I understand that the first lending library of which there is a record was one established in Quebec by the Jesuit fathers who created a library of some 2,000 volumes. The very existence of these libraries indicates the extent to which those who built the country paid

attention to the importance of books and literature in the building of the culture and fabric of the nation.

In more recent years what are described as free libraries have become commonplace throughout the whole of Canada. At this time there are nearly 700 public libraries throughout Canada circulating close to 25 million volumes of books a year without charge. These are circulated to approximately 1,200,000 registered borrowers. One of the things I should like to emphasize in this connection is how much we are all indebted to the unselfish service of librarians throughout Canada who too often have not received the remuneration that their great responsibilities really merit. I sometimes think that perhaps we have not emphasized sufficiently the great extent to which the librarians in each community are responsible for the quality of the reading of the people of the community. They are not only the individuals who hand out books that are requested but they are the individuals whose advice is sought respecting the type of books that should be read so far as particular subjects are concerned. Their advice is sought frequently in regard to the general type of reading that should be undertaken, and particularly in the case of our children we are greatly indebted to the unselfish service of these librarians across Canada who without very much regard to the amount of money they receive have performed a great service in advancing the culture of this country.

Mr. Speaker, up to this time Canada has been one of the few countries of our stature, wealth and general development which have not been able to claim a national library. Perhaps in times gone by it was thought that there were other things that called for more immediate attention, but after all a library does provide the bread and butter for the mind. In the long history of human conflict the inspired thoughts to be found in the books which record the history of nations have provided the inspiration for the preservation of the things that we thought were worth while. Without in any way seeking to place more importance on one man than upon any other, I should like before closing my remarks to suggest that perhaps there is no case on record where a nation owed so much to libraries as did Great Britain in the days of the war just past.

In this respect I apply my remarks particularly to one man. Perhaps it may be some encouragement to many students today, particularly students who at this time are looking forward to impending examinations without too much confidence, to learn that the greatest writer of this day in the English tongue, perhaps the greatest writer of English apart from Shakespeare, was a most uncertain and unsatisfactory student at school. It is a matter of record that Winston Churchill developed his facility in English and his capacity for writing from a collection of books which had been sent to him in India from a library at a time when he wanted to fill in the spare moments he had out there.

In his reading, we are told, particularly of history, he laid the foundation for a grasp of history that qualified him, not only as the greatest historian of our day but as a man whose every act has been inspired by the confidence that has come from the record of history throughout the years. I like to think that at the time when all the arithmetic of war made it clear that there was no reason for Great Britain to survive in the spring of 1940 it was knowledge gained from the pages of history, which was in Churchill's mind, that right has given might in the years that have passed, that gave him the fortitude and courage and spirit to give leadership to the whole free world in those desperate days.

The words that he spoke to the British people and to the people of the whole world over the radio at that time came from the pages of history. Even those classic words "blood, sweat and tears" came from an ancient volume which he had read long years before. The thoughts of those who built this nation are thoughts that should be carried into the mind of every Canadian. The high hopes, the great aspirations and the clear moral purpose that inspired our forefathers in the building of this country can best be passed on to the youth of Canada and to the coming generations by making available to them in this way the best that is past and the succeeding thoughts of the present.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I am sure that all members of the house join in expressing appreciation of the moving of a resolution which foreshadows the establishment in Canada of a national library. I think it has long been a reflection on our national life that Canada was one of the few important nations in the world without a national library. The Massey report made a recommendation which is being carried out, at least in part, today. It was:

> That a national library be established without delay; that a librarian be appointed as soon as may be expedient; that the national library advisory committee be reconstituted as a board of trustees of the national library with the librarian as chairman ex officio; that the librarian be charged with the direction of the bibliographic centre which shall be responsible through the librarian to the board of trustees.

National Library

That is substantially the intent of the resolution before the house. As hon. members know, I have long been interested in the establishment of a national library. Indeed during the war, when there was some discussion of a suitable war memorial for Canada, I suggested on more than one occasion that the time had arrived when we might establish as a memorial, not a pile of stone but something that might be regarded as a cultural centre for a national library, a national gallery and a national theatre.

If I had been asked at that time to suggest a suitable site for such a memorial I would have suggested a site in the neighbourhood of the present printing bureau, after that bureau had been removed, and close to the archives. However, this afternoon the Prime Minister (Mr. St. Laurent) suggested another site near the supreme court building. I believe that suggestion is a particularly good one. As the Prime Minister pointed out, there are physical features to that site which would make it possible to house, to care for and to protect valuable books. It would also be in close proximity to the parliamentary library. I understand that in connection with the heating system there is a partly completed tunnel which would provide quick means of transporting books between the national library and the parliamentary library as such books were required.

I agree with the leader of the opposition (Mr. Drew) and the Prime Minister that there should be no thought of displacing the parliamentary library as the library of parliament. I join with other members of the house in expressing personal appreciation to the librarian and the staff of the present parliamentary library. I wonder how they can carry on with the very inadequate facilities that exist. A short time ago I read that when the library was built it was built to accommodate some 60,000 volumes. I am told that today nearly three-quarters of a million volumes are housed somehow in and under the parliamentary library. Anyone who has gone into the basement or the vaults, as they are called, under the present library, with its wooden shelves and structural inadequacies, must be impressed with the danger to the very valuable volumes that are housed beneath the floor of the present library of parliament, and indeed which occupy the shelves of the library itself. Consequently, in the interest of the preservation of the valuable volumes for future generations, it is well I believe that we are taking this initial step to establish a modern fireproof library in Canada.

I hope that, while this establishes a national library, thought is being given to the building of a national gallery more suitable than the rather dismal and dark halls in which the very valuable pictures owned by Canada are housed today, and that we may be able to round that off in the not too distant future with a national theatre where drama, opera, symphony and cultural activities of that description may be available to the Canadian people, and perhaps through the magic of television carried from that central theatre to even the remote parts of this country. A library, then, is something that the nation requires, and I am sure it will receive public support. I believe it was significant that when the Massey commission on arts, letters and sciences was hearing representations some 90 or 100 briefs were submitted by organizations pointing out the desirability of founding a national library for Canada. In that library could be gathered together the important books of the nation.

I understand that today many of the important volumes are scattered in various departments. I am told that there are something like 200,000 books and valuable pamphlets housed beneath the supreme court building. I am told that there are thousands of books scattered around the departments of government and with the national research council. Not all of those books need be included in a national library, but undoubtedly many of them are volumes that should find a suitable place in a library of this description. I hope that that library will contain all kinds of books. I am a bit alarmed when I hear about the censorship of books. I think a good case can be made out for preventing the circulation of salacious and pornographic literature, but when I look over the list of books I see, for example, books that may be instructive to us or contain warning of the dangers to our way of life which are banned from entry into Canada. If I may mention one without, I am sure, being misunderstood, there is the "Problems of Leninism", by Joseph Stalin.

Now, if we are going to fight Stalinism, if we are going to fight Leninism and communism, we have to know something about them. I am a bit leery of preventing the importation into this country of books which deny to us an understanding of the kind of thing that we may have to fight in Canada. I remember very well reading during my student days, and subsequently, Milton's great work pleading for freedom from censorship, called "Areopagitica"; that plea still lingers in my memory. I remember the remarks of Voltaire when he saw his books being burnt on the streets of Paris. He said, "They can burn my books but they cannot burn my ideas."

I say to the house that I hope in a national library there will be no limitation as to the kind of books that are included in that library, so that students may get a complete understanding of what we may have to cope with in the future and may not be blinded by some kind of censorship. If I may recount a personal experience, some few years ago—I have forgotten the year but about 1924 or 1925—I had a friend in the city of Regina who sent to a secondhand book dealer in Great Britain for a number of books. When these books arrived one was missing. Upon inquiry he was told that the book had been sent back to Ottawa to see if it was fit for importation into Canada. The book was entitled "Socialism, Critical and Constructive", by James Ramsay MacDonald, who had been a prime minister of the United Kingdom. Consequently, when we have any sort of censorship we should make sure that the matter is gone into very thoroughly and very carefully, and those who exercise the censorship should not be, for example, an overworked minister of the crown, as an answer to a question I placed on the order paper indicated yesterday, but persons who are both thoroughly competent and who can devote the necessary time to making an appraisal of the books that may be suggested for censorship.

As I said, the parliamentary library lacks a good many modern facilities today, facilities for students who want to use the library—yes, even for members of parliament. Sometimes members of parliament find it difficult when they go into the library to consult volumes to find a suitable place where they can be quiet and alone to conduct the research they desire to do. Ordinary comfort facilities for the staff are lacking in that library, and consequently we need something more modern. At the moment, we are getting copyright books in the library and that should give us a complete set of the volumes written and published in Canada for which copyright is taken. But as the Prime Minister said, there are written and published outside of Canada many books which deal with Canadian affairs. They should be assembled, cared for and catalogued.

I understand that the work of cataloguing the library has been going on for a couple of years, but it is still incomplete. Moreover, what we need is a catalogue not only of the books in our own national library and parliamentary library but a catalogue of the books scattered around the country in many other libraries. There are some wonderful volumes here and there across Canada. A year or two ago when I was in Fredericton the legislative librarian said she would like to show me one of their great treasures. I was shown one of the few large authentic copies of the Doomsday book. That is a treasure for which the province of New Brunswick cares, but which would find a place in a catalogue of valuable volumes in Canada. I also saw one of the original copies of the Audubon series of books, illustrated. I think it is regrettable that in so many of our provinces, in years gone by, we have not had a library or archives where the letters and books of some of the old-timers and settlers could have been assembled and kept for future generations.

In my own province of Saskatchewan I know that it has only been in the last few years that a competent archivist—and an exceedingly competent one, incidentally—has been appointed and when the records of that province which were lying scattered in the basement, subjected to destruction by mice, moths and other insects, have been properly assembled, sorted out and preserved for the benefit of future generations.

The archives and the library must work together. In this city I have spent days in the archives of Canada, although I have not been there lately. In it there are some wonderful volumes. We have there interesting letters, including correspondence of former prime ministers of Canada, some records of the early explorers and so on. I am happy indeed to hear the Prime Minister say that the present archivist is to be, at least temporarily, the chief librarian and that the two offices are to be combined in one exceedingly able and capable gentleman. I think that is an excellent idea.

I am also happy to support the Prime Minister in the suggestion that the assistant librarian should be one who speaks the language of the other great language group in Canada. As an English-speaking person myself, I realize that that is as it should be.

The leader of the opposition mentioned, as did the Prime Minister, the necessity of photographing documents. A great deal of microfilming has been done already in connection with the present library. With the modern microfilm and the modern process, it will not be necessary to pile up vast quantities of old newspapers. They can be microfilmed and still be available for generations yet to come.

I therefore think that this is a splendid project. I hope the government will be able to proceed with it as rapidly as possible. I hope that we may have a suitable building as soon as conditions permit. I also think that the idea of an advisory committee representative of all the provinces and the official language groups in our country is an excellent idea. I hope that that advisory committee

will be chosen by the government not because somebody would like to go on it from a certain city, perhaps a friend of the government in power—not necessarily this government, but succeeding governments—placed there as a sort of recognition of political support for a party in power. I would hope rather that persons will be chosen for that advisory committee because of their knowledge of and their interest in books and libraries. I think that is quite important.

Now I have said all that I wish to say, Mr. Speaker. I am speaking not only on my own behalf but on behalf of those associated with me when I say that we welcome this resolution and we hope that the idea will be brought to speedy fruition.

The leader of the opposition mentioned the great contribution that the Right Hon. Winston Churchill had made to the winning of the war because of his knowledge, and his gift in the use, of the English language. I do not think that fact can be overestimated. The more we can encourage our rising generation to understand their own language, be it French or be it English and to be able to speak their own language well, be it French or be it English, the better it will be. It would be better still, of course, for them to be able to speak both languages equally well, as does the Prime Minister, but they should be encouraged to understand at least their own mother tongue and to appreciate its beauties. French is a charming and beautiful language; English, too, is a stately and a beautiful language. Some of us look back over the years to our early training in the English tongue and realize how few were the books that we read. I often say that any gift I may possess I owe not only to my mother tongue but to my mother, at whose knee I learned the beauties of the English language through three simple books, namely the Bible, the Book of Common Prayer and the Pilgrim's Progress.

Mr. Solon E. Low (Peace River): Mr. Speaker, this is one of those happy occasions on which all parties in the house find themselves in agreement. I am glad that in this particular instance it was on a resolution introduced by the Prime Minister (Mr. St. Laurent) that we could find such happy agreement. We also welcome the resolution, containing as it does the program for the establishment in Canada of a national library.

We want to compliment the Prime Minister on the initial good progress that appears to have been made toward achieving the objective that is outlined in this resolution. From what he said this afternoon I think we can all feel quite happy about the progress that has been made.

[Mr. Coldwell.]

At this moment, Mr. Speaker, I do not wish to take up any great length of time because I am afraid that it would be merely repetition. I should like to leave the matter pretty much as it is, because the speeches that have been made this afternoon have been eloquent and have fairly well covered all phases of the problem that confronts us.

The suggestion that the site for the building be down at the end of Bank street is, I think, a happy one. It seems to me quite clear that the future of the parliamentary library has been assured. For the convenience of members of parliament I think it would be a good thing to have a connecting passage between the library of parliament and the new national library when it is completed. I therefore say that the suggestion that the site be at the end of Bank street down near the Ottawa river is a happy one. I have no better suggestion to offer. I can say that.

As to the advisory board which it is proposed to set up, I should like to make this suggestion. I think Alberta has a representative on the present board; but if my information is correct, that representative is not a well-known person interested in national libraries. Also, if I am correctly advised, that person has not attended the meetings of the board. I should like to see appointed from each province someone who has indicated in the past a real and sincere interest in the development of the national library and who will make it a point to attend meetings when they are called and to contribute, out of his experience, to the achievement of the fine objective that we have set before us.

In connection with the provision of a building, it must be remembered that we are a young country; and we do not want to repeat the experience that we have had with the parliamentary library. As the hon. member for Rosetown-Biggar (Mr. Coldwell) has already pointed out, it was originally anticipated that the parliamentary library would perhaps accommodate 60,000 volumes. But today it is called upon to accommodate, to administer and to take care of something like 750,000 volumes. It seems quite clear that because we are a young country and have much time before us and great development ahead of us we ought to plan carefully so as to provide adequate space to take care of our needs for many many years to come.

I think that that is about the only suggestion I might make in connection with the provision of a building. I do feel, Mr. Speaker, that there are many services which the national library could extend to the people of Canada, and especially to the struggling community libraries all across this great country.

The idea of a union catalogue is a splendid one; in fact it is one which I am sure has within it a great many more good things and possibilities for our country that we now envision. I am very happy to learn that steps have already been taken to start the registration in such a union catalogue.

Let me just conclude by saying, Mr. Speaker, that we in this party feel that priority should be given to this great project, and that the work should go forward with that speed that is consistent with the importance of the project itself.

Mr. R. R. Knight (Saskatoon): I cannot let this motion pass without saying a word or two on this subject, which is very dear to my heart. It is unusual to speak in an atmosphere of such accord, and I should simply like to endorse most, in fact I think nearly all, of the things which have been said by previous speakers. The only thing I might find fault with in what the Prime Minister (Mr. St. Laurent) said is that he said that existing conditions may cause some delay in the carrying out of the fulfilment of what has been up to the present a dream to many. I know it has been a dream of my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), ever since I have known him. As a matter of fact, before I was associated with him at all I heard him make a speech on this particular subject.

I was particularly interested in the Prime Minister's statement, and it is to that that I might address my remarks. The Prime Minister said there would be, he hoped, the closest co-operation of the new library with many of the public libraries throughout the country. That is perhaps one of the most important things that he said in his very pleasant announcement.

There has been a word or two of protest on the part of some of my correspondents as to the location of the national library. Their view was that perhaps Ottawa, with the national gallery and other cultural things, might be getting more than its share. I may say that my view does not coincide with that of those correspondents, because if we are to have a truly national library, then Ottawa is the place in which it will have to be built.

When I speak of the great assistance that a national library can be to outlying centres I would like to point out that most of our library facilities are in the city. That is no doubt natural but perhaps unfortunate. Libraries and books are to me, and I think to all of us, the greatest source of adult education. May I say, without any disparagement, that we are in need of adult education. It is true, as I said in another speech the other day, that 50 per cent of the people in Canada today have a grade VIII, that is a public school, education standard, or less. For a country with our potentialities, with our present wealth and potential resources, I do not think that is a good record. In these days one needs something better than a public school education, although many of the men who served this country best did not have anything more.

There is an unfortunate feeling around, and I think particularly among high school graduates, that those who attain the standing of a university entrance, or grade XII as it was called, have more or less completed their education. I think, sir, we should agree that they have only begun their education; that they have only become equipped with the tools through which they can gain an education for themselves which after all is the best way and the only way that one can gain it in any case.

I think reading is the greatest thing, the greatest asset, the greatest instrument of that education. We have not been noted as a nation of readers. I was looking through an interesting lot of statistics, a survey of libraries, issued by the government of Canada for 1948-50, and I was startled by some of the figures that I found there. I was looking at the summarized expenditures on public libraries for 1949. On page 9 I find for example—and I do not want to enter into any particular disparagement of any particular province; I can only give the figures as they come—that on books and periodicals the expenditure in the different provinces in the year 1949 was as follows. I will give merely the round figures. In Prince Edward Island, $6,000; Nova Scotia, $5,000; New Brunswick, $6,000; I shall now give some of the higher ones: Ontario, $582,711; Manitoba, $39,000; Saskatchewan, $36,000; Alberta, $56,000; and British Columbia almost $100,000. Those figures are amazing to me. Perhaps it will come out more clearly when I give the table which is found on page 12. This is a table on service and support of city libraries by geographic areas. The table is given in expenditure per capita. I would have you note, sir, that it is not in dollars, but in cents. The expenditure per capita on libraries in the provinces of Nova Scotia and New Brunswick combined is 28 cents; on public libraries, in the province of Ontario, $1.03. Then we come to the prairie provinces and we find that it averages 90 cents. As I say, I am not bringing these out for any invidious comparison as between provinces, but generally to show the condition all across the country, a condition of which I am not particularly proud.

We are on the eve of, if we are not already in, a great period of expansion, a period in which more leisure may be anticipated. It

is a fact that our working hours are shorter. We have a five-day week in many places; we have a clear week end; and there is one thing we need to learn, if we need to learn anything: we need to learn how to use our leisure time properly, how to spend it. As one solution to that problem we should put books in the hands of the people. Classical and standard works should be available, not just in some places, not just in cities, but everywhere. At the moment there is a deplorable lack of facilities for reading.

At this point I would give another example and, again, I must go to one of the maritime provinces. I do not recall the name of the town—and, even if I did, perhaps I would not give it; because I have discovered in the house that one is likely to get into difficulties with members representing the places named. However, I do recall that the town in question was on the bank of a river—and I believe it was either in or not far from the constituency represented by the Minister of Resources and Development (Mr. Winters).

I was there one Friday evening and on the following Saturday morning had some time to spend. With the time available, I took a walk around the town. I would have said, looking at that town, that perhaps it was one of the most prosperous in Canada. There was an excellent high school, and it occurred to me that on a Saturday morning I would meet large numbers of children returning from the public library with great bundles of books in their arms—just as I see them coming from our own public library, and its various branches, in Saskatoon.

I did not see any of that. I met an old gentleman on the street and said, "Could you direct me to the public library?" He looked at me in astonishment and said, "We have no public library here." In conversation with him I said, "What do you do when you want to read? You must find it expensive to buy all your own books at present prices." He said, "I assure you we have no reading facilities here." He did point out to me that a group of ladies—I believe it was the I.O.D.E.—had a few books in their clubroom for the use of their members, but apart from that there were no other reading facilities. I have never forgotten that little experience.

It was the experience I had in that town that prompted my search for the statistics I have just placed on record. Then, if we are to have a national library, as well as efficient branches throughout the country to co-operate with it, we must have more and better trained librarians. I do not know what the experience has been in the different provinces, but I know in my own province we grant scholarships to send young people east to learn to be librarians. But that is only a drop in the bucket.

Then, we have travelling libraries serving the scattered rural areas. In the pioneer days we found those most beneficial. The travelling library, set up by the provincial government, may establish a local branch in a store or some other place that would be handy for those people wishing to borrow books. I think it is part of the responsibility of the government to see that there is a wide dissemination of books. I believe it is the responsibility of any government to encourage the cultivation of public tastes. I have no doubt there will be disagreement with that statement. I may be told that this is a free enterprise business, that there is no demand for books, that they will not find their way to the market, and so on. With that in mind I shall be content to let the statement go as I have made it.

The people of Canada find difficulty in obtaining books. I know that, because I have lived in country places and have known a total absence of books. In some places the only reading material available is a weekly newspaper; there is not even a daily paper. Then, there may be a dozen or so books to be found in the little country school library.

In this respect there is a remarkable difference between Canada and Britain. Everywhere one goes in Britain he will find book stores. That is one of the most noticeable features. There are book stores everywhere, in every little town—book stores handling secondhand books, and those handling new books. There are available first-class cheap editions of classical and standard works, which used to sell for sixpence, but would now sell for perhaps a shilling. For the expenditure of that sum one can get good reading material.

We have now made in Canada a beginning in literature and the arts. We are the heirs of those who have gone before us, of the thousands of years in the development of civilization. For the creation of things now and in the future we are dependent upon those of the past. Even original creators must have those things available to them as a basis for their ideas. That is true of the expression of ideas by the great minds of our time and of all preceding times.

As my leader has said, I believe there should be freedom in reading. With him, I am concerned about censorship, and particularly political censorship. Were it not for the youth of the country, and those for whose choice of reading material we are responsible, I would be inclined to say that, outside the provisions of the Criminal Code, there should

be no censorship at all. I realize that in this respect there is a problem, and that in some cases we are dealing with people whose judgment is immature.

Generally speaking, however, I would like to see the table set with a generous diet of all types of literary food; and I have enough confidence in the good sense of the Canadian people to believe that they will pick those things for their intellectual nourishment rather than those which would be injurious.

The mind must be free; the intellect must be free. The adult at least must have liberty of choice in his literary diet, so that he may choose those things which are good for him. No one, least of all some customs officer, should be able to prescribe the things the citizen shall or shall not read. I have said the need for books in Canada is great and that books are the greatest concern in national education. They are only the Cinderellas among its agencies. They have not the glamour of the radio or of the comic strip or of the movies, or the potentialities of television. Books must be made available; they must be on the shelves, and should be there in cheap editions. They should be in the public libraries of every town, of every hamlet and of every village across this country.

Yes, the need for libraries is great. They deserve all the support the government can give them, and the support and co-operation about which the Prime Minister spoke this afternoon which may be accorded to them by the national library. I would like a measure of federal aid to the humanities in somewhat the same proportion as it is being given to science. Education through books is the common concern of all parts of this nation; for the stature of the nation will ultimately be determined by the physical, spiritual and intellectual well-being of its citizens.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I shall have a few questions to ask but, without making a speech at this time, I shall ask them in committee.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I should like to express personally and on behalf of the government, and I think also on behalf of the people of Canada, appreciation of the attitude taken by the leaders of the different parties in the house, and those for whom they speak, in regard to this resolution which has for its purpose the establishment of a national library for the Canadian people.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

Mr. McIvor: I must admit that before I heard the statement of the Prime Minister and the discussion I was critical of the resolution for two reasons. In the first place I was critical because of the amount of money it would take from the taxpayers. However, the leader of the opposition and the leaders of the other groups have not said a word about extravagance; therefore it must be all right, and that satisfies me. In the second place I thought there would be some overlapping. In Ottawa we have the parliamentary library, the public library and certain other libraries, but the Prime Minister has indicated that there is to be a national library and that there will be distributing centres—if I am wrong I should like to be corrected—in Vancouver, Winnipeg and Fort William, let us say. Will these books be made available free of postage to those who want to become acquainted with Canadian affairs? I do think that the national library will provide an opportunity to sell Canada to Canadian citizens, and I think that is one of the glaring needs today. Our citizens want to know about the greatness of our land. High school teachers and university professors will welcome this library.

Mr. St. Laurent: I am not able to give the hon. member the assurance that no postage stamps will be required on correspondence with the national librarian, but I am sure experience will show what is the best manner in the interests of the greatest number to make the national library of service to the development of our pride in Canadian citizenship, and that whatever experience shows to be desirable will be considered at the appropriate time in order to make the library fulfil the purpose for which it is intended.

Mr. McIvor: Thank you.

Mr. Knowles: There are a few questions I should like to ask the Prime Minister. They are based on complete support of the proposal for a national library, support which has been expressed already by all those who have spoken on the resolution. First of all I should like to ask a question or two relating to the matter of the building itself. I listened with interest to what the Prime Minister had to say, which was of course based very largely on what is set out in the Massey report and in the progress report of the national library advisory committee. We are all interested in the suggested site for the building, and it does seem to have a number of points in its favour. In fact the national library advisory committee in discussing the matter says that it has come across only one objection to the proposal, namely that it would do away with a certain amount of parking space available there at the present time, but the committee

immediately points out that even that problem could be solved in a way that the committee suggests.

We are all conscious of the problem that arises in connection with any building project at the present time because of the shortage of steel and other building materials. But I should like to emphasize the fact that the national library advisory committee in its progress report and recommendations made in November, 1951, did pronounce rather strongly on this matter. I point out that this report was made after the Massey report, and it was made in the light of present conditions. Recommendation No. 3 reads:

> In order that the national library proper may be able to function effectively at the earliest possible moment, three steps should be taken without delay:
>
> A site for the national library building should be chosen, and the committee recommends strongly that the building be placed on the bank of the Ottawa river, immediately to the west of parliament hill.
>
> An architect should be appointed to design the building.
>
> Construction of the library, or of a first unit, should be begun as soon as is consistent with the needs of the defence program.

The question I should like to put to the Prime Minister is whether the legislation forecast by this resolution provides authority to go ahead with the selection of the site, the appointment of an architect and perchance the construction of the building itself. Would further legislation be required for these steps or can these steps be taken under the legislation now proposed?

Mr. St. Laurent: The legislation now proposed would give authority to go ahead when parliament will have appropriated funds. The only further requirement would be a vote by parliament of the funds required to carry out projects for which there would be authority to make proposals to parliament in the present legislation.

Mr. Knowles: I take it the statement of the Prime Minister that the government accepts the progress report and recommendations of the national library advisory committee means that the government is in sympathy with the views expressed as to the desirability of proceeding with the building as soon as possible.

Mr. St. Laurent: That is quite true. I thought I had emphasized that in expressing my concern, which I am sure is that of all those who know the facts, about the safety of the valuable records that we already have. I think it would be very desirable just as soon as it can be arranged to have safer storage quarters for those things that could not be replaced if we were so unfortunate as to lose them.

Mr. Knowles: My next question relates to something the Prime Minister spoke about earlier. He referred to recommendations both in the Massey report and in the national library advisory committee's report that the library should provide certain services such as microfilming, duplicating books where necessary, getting copies of them in from other parts of the country and so on. What I should like to know is whether this legislation will cover all these various services. My reason for raising the question is because of the wording of the resolution which says in part that there is to be "a special account to which shall be credited any money appropriated by parliament for the purpose of acquiring books." I should like to know whether that fund can be used for these other purposes and services to which the Prime Minister referred, or is it contemplated that they will be taken care of in some other way?

Mr. St. Laurent: Of course there is nothing very definite about it, but it is contemplated at the present time that there might be votes by parliament for the acquisition of books and that those votes should not lapse at the end of the fiscal year but should be like the votes that are made for the acquisition of pictures by the national gallery. If a vote is made for the national gallery for the purpose of acquiring pictures or objects of art it does not lapse. It is available until it has been expended, but the ordinary normal administration expenses are provided for each year by a special vote.

Mr. Knowles: My next question relates to the recommendation of the Massey commission that the present national library advisory committee should be reconstituted as a board of trustees. I note that the resolution indicates, and the Prime Minister did likewise when he spoke, that rather than a board of trustees, and rather than an advisory committee, we are to have an advisory council. I realize that the Prime Minister did comment on this. For example, he referred to the situation with respect to the national gallery as compared to the national library. Would he comment further on why the government decided to have an advisory council rather than a board of trustees as recommended by the Massey commission?

Mr. St. Laurent: This is intended to take care of the experimental stage. The Massey commission recommended that ultimately there be two separate organizations for the national library and the archives, but that provisionally it might be better to have the two administrations under the same head. The government accepts that recommendation. The archives, the library of parliament,

the library of the national research council and those of various departments will be called upon during the organizational stage to contribute to the establishment of the national library. It was felt that during that period it would be more desirable to have it part of the civil service of the Canadian government rather than to have a board of trustees for the national library at a time when a large portion of the organizational work would be done through agencies of the civil service which exist already.

It may be that when the set-up has been completed it will be found desirable to have it under a board of trustees, but it was felt that for the organizational period it would be better to keep it part of the ordinary civil service under the direction of the gentleman who is now the archivist and who is most competent as such. We think he would be most competent too to direct the organizational work of the national library.

Mr. Knowles: Is it the intention to appoint as members of this advisory council the same persons who are now members of the national library advisory committee?

Mr. St. Laurent: No consideration has been given to the personnel of the advisory council beyond the fact that it was felt that the two librarians of parliament should be members of that advisory council.

Mr. Knowles: I hope it will not hurt her chances if I recommend that you keep the person who has represented Manitoba. Miss Elizabeth Dafoe is a most competent person in this field.

What steps are being taken to carry out the recommendations of the Massey commission with respect to rearranging things in our own library of parliament? I have in mind the specific recommendation that the books and works there might be divided into two groups. There is one group of books and works that are referred to more regularly and then there is a large group of books and material which are not looked at very often but which are kept there because of their value and for safekeeping. I realize that when the whole program is carried out eventually that problem can be dealt with, but I was wondering if there is any plan to deal with it in the immediate future so that even now the library of parliament may work along the lines suggested by the Massey report?

Mr. St. Laurent: No, the only planning that has been done at the present time has been to have this union catalogue completed at the earliest possible moment. That will be most helpful in determining the place where books belonging to the Canadian people through the Canadian government should be placed. When there has been a cataloguing of those books and sufficient stack space has been provided it will be a matter for the librarian and the advisory council to determine where it will be most convenient to have these books kept.

There is no doubt that there are too many books in the library of parliament for convenient access and the proper carrying out of the work of the librarians and their assistants. At least two-thirds of those books should be kept elsewhere. A selection will have to be made. That selection will be made in the knowledge revealed by this cataloguing of all books belonging to the people and now distributed throughout the several government offices.

Mr. Graydon: The Prime Minister may have dealt with the matter I have in mind during the short time I was out of the chamber when he was speaking, but I should like to ask what provision is being made for the safekeeping and preservation of information in the way of recordings both on records and film. In recent times this information has assumed a significance that never was thought of a few years ago. Many of these sound films and recordings will have a historical value in the years to come and they will have to be stored somewhere. Perhaps as years go by there will be an even greater volume of this type of information which will form part of our history of today in the days of tomorrow.

Over the week end I listened to a recording of the life of the present Queen Elizabeth which in my opinion was one of the finest of its kind, both from a historical standpoint and from the point of view of current history. I am wondering if attention has been drawn to the importance of the matters I have mentioned and what is proposed to be done about it.

Mr. St. Laurent: Up to the present time all sound recordings have been kept by the Canadian Broadcasting Corporation. They have at the originating studios a large number of recordings. I have not looked at them recently, but I know they have a system of cataloguing because when I have applied for certain recordings it never took them very long to tell me where they were. With regard to sound films, the film board has a catalogue of everything that it is keeping as part of its accumulation of treasures. It may well be that the time will come when certain of these things will not be looked upon as current, and will be housed merely for

safekeeping in some kind of structure that will protect them against destruction from one cause or another.

I know that not very many months ago, in connection with the film board, we were very much concerned over the danger of the destruction of some films and the danger of fires or explosions resulting from the accumulation of these films at the film board studios in Ottawa. Premises were secured in a remote area where provision was made for the proper storage of the films, to protect them and to avoid having them be a source of danger to their surroundings. No doubt that is a matter which will have to be dealt with some day, because we cannot go on accumulating films in the operating studios which are not apt to be referred to at all frequently. In this legislation no provision is being made for anything but writings and books and the like. The other matter will no doubt press forward for consideration as time goes on. We have had to provide storage facilities for films because there is a danger of their being destroyed and they are, themselves, dangerous after a certain period unless they are properly cared for.

Mr. Graydon: In connection with the national library when it is finally established and in operation, will it be working in conjunction or in collaboration with any of the other libraries across Canada? If so, what will be the degree of co-operation that may be expected between the central library and other libraries?

Mr. St. Laurent: Their relations will be on a contractual basis, and a contract requires at least two parties to make it. Their relations will be the result of a contractual arrangement between them, and the only thing I had in mind was the illustration I gave about the exchange system that has been developed between the university of British Columbia and three or four universities in the United States. They have a union catalogue, and if someone in Vancouver wants something that is not available in the library of that university but is available in one of the associated libraries, the librarian of the university communicates with the library where the book is to be found. It is sent to Vancouver on the responsibility of the university of British Columbia, and there the librarian makes it available in the manner he feels fitting to the person who wants to consult it. In some cases that person is not allowed to remove the book from the reading rooms of the library, and in another case it can be removed as if it were a book belonging to the library of the university.

[Mr. St. Laurent.]

There is also frequent recourse to this procedure: instead of sending the book a microfilm is made of the pages or material that is required and the microfilm is sent. The intention is to have this developed by expert technicians, making use of the experience of others, to establish and operate a system that will make the organization as beneficial to as many as possible.

Mr. Thatcher: Will the Prime Minister indicate in a very general way at this stage of the resolution just what this is going to cost us? Would he indicate how much the building is going to cost and how much the general administration is going to cost?

Mr. St. Laurent: I cannot indicate how much the building is going to cost because building costs are not very stable at the present time; and I cannot indicate when the building is going to be started, nor even what its dimensions are apt to be. The pattern is very apt to be the same as has been followed by the national gallery. If the hon. gentleman will get a copy of this booklet which is available, "The National Gallery of Canada Competition", he will see how the board of governors of the national gallery is proceeding with that competition to choose an architect, and what is apt to follow the selection of the architect.

With respect to the increase in expenditures over what is provided for in the estimates which are before the house, the estimate for the bibliographical service now is $48,109, and that is to carry on the same work as has been going on for the last two years. The actual expenditure for 1950-51 was $30,339; in 1951-52, it was $37,151. Dr. Lamb estimates that the additional work for a full year might amount to something of the order of $60,000, making about $108,000 in all. That would be the expenditure that would be incurred for the organizational work until we get around to the point of either purchasing new books or putting up a new building; that would be for the completion of the work required to publish this union catalogue, which it is hoped to complete within five years; to add to this "Canadiana" which is now being published monthly, other departments making it a full fledged national bibliography, and to organize the first unit of the cataloguing department of the national library proper in order that work may start on the task of cataloguing the thousands of books now under the supreme court building and elsewhere. The additional expense that is apt to be required for the current fiscal year might be of the order of $50,000 or $60,000.

Mr. Thatcher: Very respectfully, I wonder if no estimate has been made whatever of what this project is going to cost the taxpayers; that is what I should like to get at.

Mr. St. Laurent: No, Mr. Chairman, no estimate has been made of what this project will cost the taxpayer. It is felt that it will not cost the taxpayer more than its intrinsic, monetary value, and that its developmental value for the Canadian people will be beyond its intrinsic monetary value or cost.

Mr. Thatcher: I agree that probably it will. But it seems strange that the government of Canada should come before parliament asking for a project and not give us some idea of what the cost is going to be. I should like to be respectful but may I at the same time ask this question: Is this going to be another project—like, for instance, the Prime Minister's house—where we start out, keep adding and adding, and do not know where we are going? I think an estimate should be made. I do not see why it should be difficult for it to be made.

Mr. St. Laurent: Mr. Chairman, when there is the prospect of going ahead with the work an estimate will be prepared and there will be a request to parliament to vote the money. If the hon. member is here at that time, he can criticize it and vote against it if he thinks it is extravagant.

Mr. Graydon: As a matter of information, may I ask the Prime Minister how many books there are now in the present library of parliament? Perhaps the Prime Minister did not come prepared to give that information; but if he has it, we should like it to be given.

Mr. St. Laurent: I should not like to be positive about that figure. At the present time about 2 million books are listed in what has been done so far on the union catalogue, most of those books being in libraries in Ottawa, Toronto and Montreal. I do not know how many belong to the Canadian people and how many belong to the other libraries of the number that are comprised in this figure of 2 million that have already been catalogued.

Mr. Graydon: If the Prime Minister can get the information, perhaps he might give it to the committee some time. It is a matter of some interest. Those who go through the library from time to time ask how big the library is and how many books are in it. This information would, I think, satisfy the curiosity of the members of the house. There is a wide area covered by the books that are in the library. As the Prime Minister knows, they go all the way from children's books to books on Einstein's theory of relativity. That illustration shows the extent of the fields they cover. I had occasion to find that fact out for myself through a rather interesting experience some years ago when one of the junior members of our family was down here and found herself in the library taking out a book which satisfied her extent of learning. Some six months later I was amazed to be billed for the book. The communication I received stated that Mr. Graydon had taken out a volume entitled "The Bobbsey Twins in Toyland" and that I ought to return it at once. I therefore have occasion to speak with some measure of personal experience with regard to the capacity of the library to satisfy readers of all ages.

Mr. St. Laurent: The hon. member for Rosetown-Biggar (Mr. Coldwell) mentioned about three-quarters of a million books. I think that figure is somewhat exaggerated. The figure I get from Dr. Lamb is that there are about 550,000 books in the library of parliament. The other information I had was that the cataloguing that has been done thus far comprises something over 2 million books in Ottawa, Montreal and Toronto, which it is hoped by this system to make available. There may be quite a lot of duplication in the 2 million volumes that have been catalogued but the effort will be to avoid unnecessary duplication. There are, of course, some books that it will be desirable to have in all these libraries; but there are others the presence of which in one library may be sufficient for the needs of those who apply to libraries elsewhere.

Mr. Knowles: Mr. Chairman, a number of references have been made this afternoon to the large number of books in the parliamentary library and to the difficulty that confronts any of us who go there if we try to find certain books ourselves. Nevertheless, I think a tribute should be paid to the staff of that library for the efficient service they give us. They seem to be able to find almost any book we can possibly ask for, and they are able to dig it out quite readily. The service is of the best, but even so, I am sure we all agree that the facilities, for their sake and ours, should be greatly improved.

A few moments ago the hon. member for Peel and the Prime Minister were discussing the question of films and recordings of one kind or another. I noted that the Prime Minister's reply was to the effect that at the moment it is not contemplated that the national library collection should go beyond books and similar items. I should like to draw to the attention of the Prime Minister the fact that this question was discussed in the Massey report. On pages 104 and 105 there is a record of the representations made

to the commission on these matters. Then there is a recommendation over on page 332 of the Massey report. In the earlier part of the volume it is pointed out that representations were made that the national library might be a depository for, amongst other things, maps, music, art, photographs, films and recordings. When one hears art mentioned, he realizes that is something that would seem to be better in the national gallery. But at page 332 of its report, the Massey commission made this recommendation:

> That the board of trustees be empowered to add to its collection Canadian music, in printed or manuscript form, and such records, films and photographs as are considered necessary supplements to the printed collection of books, pamphlets and newspapers . . .

And so on. I do not press it as an argument at this time, but I think it should be on the record at this point. I trust that the authorities will bear in mind this recommendation when the national library is being set up. Indeed, if it is recognized that one of the functions of the national library is to be that of a repository not only of material that is referred to day by day but of items that tell the story of Canada across the years, it would seem that items of this other kind should be there along with books and similar documents.

I wish to say one other word, Mr. Chairman. I make this suggestion on behalf of my leader, the hon. member for Rosetown-Biggar, who had to leave the chamber in order to attend another meeting; it is in connection with the building itself. We all understand that the motion before us does not provide for the erection of a building. In answer to a question of mine earlier, the Prime Minister made it clear that authority will be provided by this resolution to look into the question of the site, the engaging of an architect and the collecting of designs. I express the hope —and in doing so I support the recommendation of the national library advisory committee and others—that as little time as possible will be lost in proceeding with the project of the building itself. The national library will not be a reality until we have a building. Let us hope it can be erected soon.

The suggestion that my leader was anxious to make, had he been able to stay, was to the effect that consideration be given, when the plans for the building are in contemplation, to both the artistic and the functional aspects of modern architecture. There are libraries that go in for the artistic type, and there are libraries which are designed on functional lines; there are many of the latter in the world today. It would seem that there is room for both considerations. We hope attention will be given to both of those aspects when the time comes—and we hope that time is not far off—to consider the project of the building itself.

[Mr. Knowles.]

The Chairman: Shall the resolution carry?

Some hon. Members: Agreed.

Resolution agreed to.

The Chairman: Shall I report the resolution?

Some hon. Members: Agreed.

Resolution reported, read the second time and concurred in.

Mr. St. Laurent thereupon moved for leave to introduce Bill No. 245, respecting the establishment of a national library.

Motion agreed to and bill read the first time.

CANADA GRAIN ACT

PROVISION FOR REAPPOINTMENT OF COMMISSIONERS—SALARY INCREASES

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved that the house go into committee to consider the following resolution:

> That it is expedient to introduce a measure to amend the Canada Grain Act to provide for the reappointment of grain commissioners and for increases in their salaries; to provide also for the appointment and salaries of three assistant grain commissioners instead of four; and to provide further for certain technical amendments of the statutory grades of grain.

Mr. Ross (Souris): Will the minister be making a statement?

Mr. Howe: Yes. The proposed amendments to the Canada Grain Act fall into four general categories.

The first relates to the salaries and appointments of the members of the board of grain commissioners, and of the assistant grain commissioners. The present salaries, fixed in 1930, are no longer adequate. The lack of any specific provision in the act for reappointment of the commissioners is being corrected. The number of assistant grain commissioners is being reduced from four to three.

Secondly, there is a revision relating to section 85 of the act which specifies the form in which certain records maintained by the elevator operators must be kept.

A further amendment is intended to give authority to the governor in council to issue regulations. In the act, as it is now, only the board of grain commissioners may make regulations or orders.

Finally, there are some amendments to the definitions of statutory grades which are set out in the schedules to the act.

At this time, Mr. Speaker, I would like to refer briefly to the work of the board of grain commissioners. Usually when wheat matters are being discussed in this house, attention is centred on particular marketing or delivery problems. Because the board's work is of a detailed and technical nature, it is very easy for the public to overlook the importance of it and the competence with which it is being done. We all speak frequently of the high reputation enjoyed by Canadian grains in the markets of the world, a reputation which is a direct result of the efficiency of the inspection and grading system administered by the board of grain commissioners. I am happy to have this opportunity to pay tribute to their work.

Referring again to the amendments which are being proposed, it should be noted that they include no amendment with respect to overages at country elevators. This question has been referred to frequently in this house, particularly during the last two sessions. Representations have been made to the government that overages arising as a result of country elevator operations should be confiscated and the proceeds distributed through the wheat board to producers. After careful consideration the government has come to the conclusion that such a proposal could lead only to greater difficulties. Moreover, it would not provide a satisfactory solution for the individual farmer who feels that he has special ground for complaint. All that such a farmer would receive by way of recompense would be a minute addition to his participation payment.

The record shows that, year in and year out, shortages or overages are an extremely small fraction of the total quantities of grain handled. In a return tabled in the house recently it was shown that during the crop year 1950-51 gross overages of all country elevators were only ·08 of 1 per cent of total quantities received at country elevators and net overages were only ·28 of 1 per cent. Under the exceptional conditions of the preceding five years the net overage for wheat was ·24 of 1 per cent. Some elevator houses, of course, experienced shortages.

In the light of all the information it has had available, the government has not felt justified, without having the soundness of such a course much more clearly established, in putting forward an amendment which would carry out the recommendation that country elevator overages should be confiscated and delivered to the wheat board. The matter of finding the best solution of this problem is a difficult one, and I hope it will be given thorough study in the agriculture committee.

I may say, Mr. Speaker, that it is my intention to recommend that the bill which will be based on this resolution, after it has obtained second reading, be sent to the agriculture committee for study.

Mr. J. A. Ross (Souris): Mr. Speaker, I am very happy to hear the minister announce that the bill will be referred to the agriculture committee for study. I think that should reduce considerably the comment at this particular stage.

The duties of the board of grain commissioners are very important. They have a heavy task. I was also glad to hear the minister pay a tribute to the commissioners for the very onerous work they have had to perform in the past. Many people in this country do not realize what the duties of the grain commissioners really are. In fact many grain producers get the grain commissioners mixed up with the wheat board, whose functions are very different. For example, the board of grain commissioners are responsible for the grading of grain; the weighing of any grain; the deductions made from any grain for dockage or shrinkage; any shortage appearing upon the delivery of any grain into or out of any elevator; the unfair or discriminatory operation of any elevator; the deterioration of any grain during storage or shipment; the refusal or neglect of any person to comply with any provisions of the act or of any regulation made or licence issued pursuant thereto. Then they are also responsible to some extent for the transportation of grain and the allocation of cars and so forth.

When the matter is referred to the committee on agriculture for further study, I would hope that some of the officials responsible for grading, and even the chief chemist, might be available for questioning before the committee. I say that because some doubt has arisen as to whether the weather conditions of the past couple of years or anything else have been responsible for difficulties in grading. There is some doubt in the prairie provinces as to whether we have the best system of grading wheat and cereals in this country. Just across the border in the United States their wheat is graded, I think, more on the protein content than in this country. Therefore I think it will be very useful if the minister or his proper officials would arrange to have Dr. Anderson, I think it is, the chief chemist of the board of grain commissioners, and such officials as that available for questioning before the committee, because it certainly would be very instructional to the members and to the producers of wheat back home who have a very vague understanding, and in some cases a misunderstanding, of this whole undertaking.

Since the measure is to be referred to the committee I do not wish to take up any further time. I hope the minister will make these officials available to the committee so we can obtain information and try to come to an understanding as to whether we really have the best system of grading grain at the present time in Canada. It is a very vexed question, and I hope that will be done.

Mr. P. E. Wright (Melfort): I should like to say a very few words at this stage of the proceedings. I am glad the minister is having this bill referred to the agriculture committee, and also the annual report of the board of grain commissioners, where they can be discussed and we can get further evidence. I think the suggestion of the hon. member for Souris (Mr. Ross) with regard to having certain officials of the board before the committee is very good. The board of grain commissioners for years have had the reputation of being the watchdog of the farmers' interests in the grain trade. Sometimes I think, particularly during the last few years, they have lost contact with the farmers. Just whose fault that is, I do not know. I think sometimes the duties of the board should be given more publicity by the board itself, so that they may keep that direct contact with the farmer.

The result of this is that there has been considerable criticism of the board in the last two or three years with respect to the matter of overages, and certain other matters. The minister has stated that the government have considered the representations made to them with respect to overages and decided that no further amendments should be made in this matter. I suggest that before he closes his mind on the subject some of the farm representatives should be heard before the committee on agriculture. I do not think any harm could be done by that. If they have a case, well and good; if they have not, then the committee on agriculture would be able to listen to their evidence and to the evidence given by the handling firms in the trade, and come to some conclusion in the matter.

The present amendments are not major amendments. I think through the years we have to take the Canada Grain Act at certain intervals, and go over it to see that it is up to date and in line with our present methods of handling crops in western Canada. There has been a revolution in the last ten years in the marketing and handling of western grain. The combine has displaced the old threshing machine, and trucks have displaced the wagon in which grain used to be delivered. Today crops are handled much faster and under conditions quite different from what they were ten or fifteen years ago. This has created problems, and those problems can be ironed out only through consultation with farm organizations and handling firms. That is why I think we should have a thorough discussion of this whole grain handling question before the committee on agriculture.

The matter of the car order book has been to the front in western Canada. The controller has discontinued the use of that book, and he may have very good reasons for doing so. In western Canada, however, there has been criticism of this procedure, and I think we should hear representatives of farm organizations before the minister comes to any firm decision. Witnesses should be called from handling firms and farm organizations in western Canada. If out of that discussion come some further amendments which the committee believes should be included, then they should be placed in this measure before it is returned to the house.

Mr. Victor Quelch (Acadia): Mr. Speaker, I am glad to support the resolution, and I am also pleased that the minister proposes to refer the matter to the committee on agriculture. As was stated by the hon. member for Melfort (Mr. Wright), I hope the agricultural organizations will be permitted to make their submissions to the committee. When the matter is being dealt with I hope the minister will allow a full discussion of matters connected with the Canada Grain Act, and that we will not be tied down to a discussion of only the amendments in the measure.

Mr. Howe: I do not think I could, even if I tried.

Mr. Quelch: I am glad to have that assurance. I realize the question of overages is a difficult one. On the other hand I am sorry there is no amendment proposed to deal with the matter. I have always felt that to a large extent the solution lies within the hands of the farmers. They sell their grain to the pool elevators, and the benefits of the sales of overages come back to them in participation dividends.

I realize, of course, that it is not possible for all farmers to sell grain to the pool elevators, because if all grain were held there we would find congestion. I have always sold to the pool elevators, and the question of overages has never worried me because I feel I will get back any adjustment there may be, or at least my proportion of it, when the participation dividends are paid.

As I am a member of the committee, I shall not say more at this time.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, with other members I welcome the minister's announcement that this bill will be sent to the committee on agriculture. I hope and expect that in that committee, under the Minister of Trade and Commerce, we shall have a full, fair and ample discussion of all the matters referred to it. I am certain we will not be in the position we have been in that committee in the last few weeks, when discussions have been curtailed and much information withheld.

I noted that the minister said he did not think anything would be done in regard to overages or shortages. I am not an expert on the Canada Grain Act or the provisions dealing with shortages and overages; but as I read the act it would seem to me that the overages in eastern elevators shall become the property of Her Majesty. If that section is not followed, or if it is not going to be followed, then I suggest it should be removed from the act. So long as it remains in the act I suggest it should be respected in every way.

I agree that the car order book should be returned at the earliest possible date. The obtaining of the car order book by western farmers was one of their great early achievements in their endeavour to have fair trading practices in connection with the selling of their grain. I believe one of the reasons there was so much objection to the cancellation of the car order book system was the importance farmers attach to that achievement.

I wonder, Mr. Speaker, if you would call it six o'clock.

Mr. Sinnott: It is three minutes to six; go ahead.

Mr. Deputy Speaker: Perhaps with the unanimous consent of the house the hon. member would wish to continue, if he has only a few more observations to make.

Mr. Argue: No, I am not asking for unanimous consent. I am asking that you call it six o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

HOTEL MUTUAL INSURANCE COMPANY

Mr. J. W. Welbourn (Jasper-Edson) moved the second reading of Bill No. 225, to incorporate the Hotel Mutual Insurance Company.

Mr. Green: Would the sponsor explain the bill?

Mr. Welbourn: The purpose of the bill is the incorporation of the Hotel Mutual Insurance Company by a group of Albertans, namely Douglas Earl George, bank manager, of Edson, Alberta; and Eugene Pechet, hotel proprietor and Russell Driscoll, barrister, both of the city of Edmonton. These three men are the provisional directors. After the formation of the company a board of directors will be elected consisting of not less than nine and not more than twenty-one members. The capital stock of the proposed company will be $3 million of which $250,000 shall have been subscribed before the general meeting is called. Business may be commenced only after $500,000 of the capital stock has been subscribed and $300,000 paid thereon.

Section 6 of the bill sets out twenty-six classes of insurance for which the company may make contracts. Section 7, however, lists the types of contracts in which the insurance company is immediately interested. The company will operate under the general rules and provisions of the Canadian and British Insurance Companies Act, 1932. As the name of the company would indicate, its main purpose is to insure hotels. However, it is to be both a mutual and a stockholders' company. The policyholders as well as the shareholders will participate in the profits. Persons who buy a policy of not less than $5,000 will be entitled to attend the annual meeting and vote for the election of directors.

This bill has had first and second readings in the Senate, has passed the Senate committee, has been given third reading in the Senate, and is now referred to this house. The bill has the complete approval of the superintendent of insurance. It is my hope that after second reading the bill will be referred to the House of Commons standing committee on banking and commerce.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

BOUNDARY PIPELINE CORPORATION

The house resumed, from Friday, May 16, consideration in committee of Bill No. 62, to incorporate Boundary Pipeline Corporation—Mr. Larson—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. Blackmore: On the night of May 16 when this bill was last before the house I had considered it advisable in the interests of all concerned to say something as regards the stability of the oil industry in Alberta so that all those interested might be able to form some sort of estimate with respect to

whether the industry is a fly-by-night affair. I presented some evidence to show that the Alberta oil development is not a windfall but that it has taken place as the result of very careful, wise and prudent planning based upon fundamental principles which have been laid down as a consequence of the most thoroughgoing inquiry and study, and which have been adhered to religiously. They are principles to which the Social Credit administration now in power in Alberta is committed. It committed itself definitely in a statement by Hon. N. E. Tanner, minister of lands and mines at the time in the Social Credit government, who probably more than any other one man in Canada was responsible for the drafting and laying down of the policy and the administration thereof as a result of which the spectacular development of the oil industry in Alberta has taken place.

From a statement made by Mr. Tanner to the people of Alberta in 1948 I had read the five fundamental principles upon which the policy for the development and maintenance of the Alberta oil industry was established and was to be maintained. I think it well to give a few more details along the same line I followed the other night.

Referring once more to the question whether the Alberta oil development was a windfall, I might liken it to an irrigation district. After an irrigation project is thoroughly established and in operation it may be said that it was a windfall. It is true it was a windfall in so far as the fact that the water was there, the land was there and money was spent to develop the irrigation canals, distribution ditches and all the other things; but to say it was a windfall would give an altogether wrong impression as to the part played in the development of it by the men whose responsibility it was to bring about that development. Therefore I think we are safe in saying that the Alberta government earned the oil development just as thoroughly as the group of men in charge of the irrigation project earned that project by doing the work and spending the money involved in developing it.

I had begun to refer to the question of private enterprise. The Alberta people believe in private enterprise. Social Credit believes in private enterprise. Social Credit believes that public ownership of industry in a general way is a false principle and that it is not in the best interests of any economy. It is largely as a result of the attitude of the Alberta people and the Social Credit government in this respect that those with great sums of money to invest in the development of oil have been encouraged to come to Alberta, spend the great amount of money they have spent and remain there to proceed with the development. I should like to read another excerpt from Mr. Tanner's statement from which I quoted the other night, and which was made in 1948:

> The government is convinced that only by the existence of wholesome rivalry where free and competitive enterprise is carried on, can we expect to get most active development. As a result of this policy over sixty different companies are carrying on prospecting activities in over 100 different areas. At the present time the oil companies are spending over $1 million per month trying to find oil.

One of the great elements in the success of this oil industry has been having so many companies developing over so wide an area in so many fields and spending such vast sums of money every month. What happened in connection with the development is pretty well set forth in another passage in Mr. Tanner's statement as follows:

> The companies spend the money in the search for oil and the government takes no risk. If the company finds oil the government always stands ready to take its fair share of the returns as well as the $1 per acre per annum for all provincial land held under lease.

This is one of the secrets of success in finding oil. Those who are enamoured of government ownership contend that the government should do the development work, spend all the money and take all the losses. The danger of losses is something they never quite realize until they get right up against the facts. I understand that a certain group in Canada already have got up against the facts. Another passage in Mr. Tanner's statement is as follows:

> To date more has been spent—

That was June 30, 1948.

> —in the search for and production of oil than has been received from the sale of the oil produced. During this time the government has continued to collect its rentals and royalties.

Exactly the same thing applies to gas, although Mr. Tanner is talking particularly about oil. It must be remembered that gas was discovered in the search for oil. Frequently it was found at the same time as the oil, or at times before the oil. Consequently all that I am saying applies equally to gas production in Alberta. What system was followed in working forward? I think it would be well to read another quotation from Mr. Tanner in this respect:

> All development in Alberta is carried on under the authority of leases which set out the terms under which development must be carried on.
>
> The government is always in the position where it can change its form of lease and the terms of the lease as conditions change so as to assure proper development and fair returns.

May I pause there to comment briefly by saying that there is a great deal of fallacious and foolish propaganda engaged in, frequently for ulterior motives. An attempt has been

made to establish in people's minds that Alberta has sold out the oil resources of that province, that all rights to oil lands have been handed over to the big companies from the United States. That idea is entirely erroneous. I do not see why people cannot inform themselves a little better before they say such foolhardy things. As is indicated in the quotation I have just read, the Alberta government leases the oil fields. It allows oil production to go forward only under lease. As that statement indicates, the government is free to cancel a lease if it sees fit. The result is that every square foot of oil-producing land in Alberta that was ever owned by Alberta is still under the outright and unchallengeable ownership of the crown in Alberta.

Here is another extract from this statement which indicates how the money is made by the province from the oil industry, and I quote:

Any company or individual may obtain a maximum of two 100,000 acre blocks on which they may explore for petroleum and natural gas on the following terms:

I would point out that by preventing any one company from leasing more than a certain amount of land the government prevents the development of monopolies and gives the little fellow, the in-between fellow as well as the big fellow a chance to have free access to the oil industry of Alberta under the terms which the government lays down. The statement continues:

(a) First year $250 permit fee plus deposit of $2,500 for each 20,000 acres or part thereof to guarantee required work being done.

It will be noticed that there is no possibility of absentee landholders delaying the development of the oil industry. That abuse has been carefully guarded against. The statement continues:

(b) Second year. Providing they do the required work extensions of three months each may be obtained by paying seven cents per acre for the first three month period; seven cents for the second three month period; eight cents for the third and eight cents for the fourth three month period.

It will be noted that there is no possibility of any company getting a stranglehold on any considerable portion of the oil lands of Alberta. The statement continues:

(c) Third year—providing the company drills a well and continues exploratory work they can obtain further three month extensions by paying 10 cents per acre for the first period, 15 cents per acre for the second, 20 cents per acre for the third and 25 cents per acre for the fourth period.

The above is what the company pays for the privilege of searching for oil.

You will notice once more the precautions that are taken against two abuses: First, that a company might get too much territory and thereby edge out other companies and, second, that a company might hold land indefinitely without carrying out the development which it is in the people's interest to have carried out. The statement continues:

Leasing privileges. If the company thinks it has found a structure it may lease not more than half the 100,000 acres and that in blocks of not more than 9 sections. This may be leased on a checkerboard pattern or if the company leases a block in the centre of the reservation the government sets up crown reserves at least one mile wide completely surrounding the leased block. This results in one of the following patterns:

There is a diagram in this statement showing a checkerboard, which I suppose cannot be put on *Hansard*. There is another diagram showing a square completely surrounded by another square. The inner square indicates what may be held by a company and the square all around the inner square indicates what is held in reserve by the provincial government. That establishes that it is obviously impossible for any company to obtain a monopoly or exercise undue pressure on any other company. The statement continues:

By this means the government retains at least half the area to be disposed of by sealed tender to the highest bidder as and when and on terms and conditions set out by the government. This tender is for the right to lease and produce oil. These blocks which are called crown reserves are usually offered in quarter sections and the successful tenders on the last three quarter sections offered were—

This was at the time he wrote, June 30, 1948.

—successful tenders on the last three-quarter sections offered were, $30,330; $50,171; $81,591.98 respectively for the right to lease in addition to which the companies must pay the regular rentals and royalties.

By this method the government is preventing monopoly and obtaining all possible out of the development of its natural resources. The lessee pays $1 per acre per year for all land leased and a royalty of from 5 to 15 per cent according to production or a straight royalty of 12½ per cent. Royalty on existing leases can be raised to 16⅔ per cent.

Now may I make this comment? It is quite obvious from this statement that all those who carry away the idea or endeavour to establish the idea that Alberta loses control in any degree over these oil-producing lands are simply misrepresenting the whole situation.

Mr. Laing: How did this one man make $90 million.

Mr. Blackmore: I would imagine he would do that by ordinary dealings. There is a good deal of speculating possible, even under the arrangements made out there, but that does not mean the man who made that money—he might have bought speculation stock and sold it—had any control over the oil-producing lands of the province. They went on under these regulations just as rigidly as the sun

rises according to the time of year. There is no deviation from the principle which I have laid down.

Mr. Laing: He is reported to have had property.

Mr. Blackmore: Just what those properties were, I do not know. He may have had freehold property. It must be borne in mind that a considerable amount of Alberta's oil-producing land was alienated from the province before the natural resources of the province were given to it in 1932. In former times, even before 1905, the federal government at Ottawa was in a position to alienate this land. Some of the land would naturally be in the hands of the Hudson's Bay Company, some in the hands of the Canadian Pacific and some in the hands of the C. and E. Corporation. Where oil was found on property belonging to any of these people possessing a prior right, it is not under the same regulations as are the lands which belong to the province. Is that clear?

Mr. Laing: Is an individual limited as to acreage?

Mr. Blackmore: That is an individual company that comes in to obtain crown lands within these regulations?

Mr. Stick: Are the hon. members addressing the chair or carrying on a private conversation?

Mr. Wylie: We did not hear a word you said.

Mr. Blackmore: This regulation, of course—

The Chairman: The conversation that is being carried on at the other end of the chamber must be very interesting. The members at this end and the chairman would like to hear it.

Mr. Blackmore: Thank you very much, Mr. Chairman. I thought I was speaking loudly enough to enable everyone to hear everything I said, even though I was directing myself towards the person who was asking the questions. There were persons who were endeavouring to get accurate information about the situation. Thank you, Mr. Chairman; I shall be guided by your suggestion. I believe I have made it quite clear now how that man could have made money in spite of these regulations which apply to all crown lands. Of course the province of Alberta has only indirect control of lands which have been alienated to the Canadian Pacific, the Hudson's Bay Company and other concerns.

Mr. Laing: He made a little more money than the province.

Mr. Blackmore: That was not the fault of the province but the fault of the dominion government that had alienated the property. It must be borne in mind that in the case of the two provinces, Alberta and Saskatchewan, a great amount of the natural resources were alienated even back as far as 1885, before the provinces were organized.

The next important matter in which I think nearly everyone is interested, and which I believe has a bearing on the general matter we are discussing tonight, is how much money has been made by the province as a result of these oil developments. Some people act as though they thought something like billions had fallen down in a cloudburst of financial returns, but no such thing is true. Those are only rainbow dreams. I give these figures, not only for the sake of those who desire to know about that, but to show the rate at which the oil industry has developed, thereby indicating the possible development for the future.

Alberta received in revenue from oil in 1948-49, $10,340,000. That was the first year after the amazing development took place following the discovery of the oil in the famous Leduc field. In 1949-50 she received $26,550,000; in 1950-51, $32,768,000; in 1951-52, to December 31, 1951, $20,262,000. Those figures will be found in Premier Manning's 1952 budget speech. This indicates that no such unbelievable streams of money flowed from the oil industry. The estimate for 1952-53 is $38,300,000, which will include $12 million from crown reserves and $10,300,000 from oil royalties, $12,500,000 from fees and oil lease rentals. For the facts pertinent to these statements we can refer to Premier Manning's 1952 budget speech, and those who want to read it can find it in the Lethbridge *Herald* of March 8, pages 1 and 19, which can be found in our reading room. These facts show that all those who attribute the whole of Alberta's financial success to the oil industry are just a little wide of the mark.

It is important to bear in mind, summing up in a general way, that thus far the Alberta Social Credit government did everything it could to help those who came to develop her oil industry, realizing the value of the companies who came in and not making it difficult for them. In the first place, the government learned all the known facts about the oil industry. Then it set up a source of information to be available to all comers, so that any company entering the field could go to the fountain of this information and get millions of dollars worth of valuable facts about the sort of thing that might be encountered, before it did a tap of prospecting or drilling. The very best experts were available at all times to give the finest advice that could be obtained.

This is one of the great things to the credit of the administration of Alberta in respect of the oil development.

I have already referred to the information that answers the question: Is the Social Credit government permitting the big oil companies to commit abuses? I have pointed out that "no" is the answer. No Alberta oil lands have been alienated from the crown. All development is purely on a lease basis. No monopolistic development is permitted. No special privileges are permitted. No injury to owners of the lands is permitted without compensation. It can readily be seen that if companies are allowed to go rambling all over the province drilling here, there and everywhere, spoiling men's farms, knocking down their crops and all that kind of thing without any remuneration to the property owners, in all probability the people of Alberta will become weary of that sort of thing and turn out a government that would permit it. The government is not permitting any such thing as that. People will be interested to know what the Alberta government does concerning the surface rights. I read again from Mr. Tanner's statement:

> The government has set up a right of entry arbitration board to see that farmers get fair and generous treatment where oil wells are drilled on their farms. If the oil company and the farmer cannot make a satisfactory settlement it is referred to the board for settlement.

I might say there are no costly court cases in respect of this matter. The people concerned get around the table with the referee and stay there until they come to a friendly agreement.

> The following are examples of rulings made in the Leduc area for each well and in many cases there are four wells on one quarter section.

First year's payment	$1,592.50	$1,292.50	$2,000.00
Annual compensation	532.00	470.50	700.00

Mr. Cannon: I rise on a point of order, Mr. Chairman. Might I suggest that the hon. member who is now speaking talk about the bill before the committee, which is a gas pipe-line bill and which has nothing to do with the oil policy of the Alberta government.

Mr. Wylie: It is the same thing.

Mr. Green: Mr. Chairman, this bill not only asks for the right to pipe gas but also to pipe oil. I would suggest that the hon. member should read section 6.

Mr. Cannon: Even piping it has nothing to do with the policy of the government of Alberta.

Mr. Wylie: Surely it does.

The Chairman: Order. Perhaps I might dispose of the point of order by informing the hon. member for Lethbridge that he has now spoken for more than forty minutes.

Boundary Pipeline Corporation

Mr. Hodgson: Mr. Chairman, in taking part in this debate tonight, I want to assure you at the outset that I will not ask for the privilege of having my time extended beyond the forty-five minute limit.

I am opposed to this bill in the first place because the line stops at Winnipeg. The incorporation of this Boundary Pipeline company would mean that it would build a pipe line to Winnipeg. I am anxious that we receive this power in Ontario; we need it now in Ontario to develop the province. Industry here is short of power. Therefore we need this gas which belongs to Canada. We need it in the eastern section of Canada now.

In the first place, this small pipe line going to Winnipeg was intended to go to the boundary, but certain objections were taken in the committee and the applicants withdrew that part of it, and said: We will stop at Winnipeg. There is no doubt in my mind that this pipe line was meant to go to the boundary and then be taken over by some other company which would deliver gas to the different parts of the United States. I think it has been proven that throughout the years we have been the suppliers of natural resources for the large cities of the United States. That is probably one reason Sir Wilfrid Laurier's dream has not come true yet, when he said that the nineteenth century belonged to the United States but the twentieth century belongs to Canada.

If we are going to develop Canada, we must have cheap power and we have to develop our natural resources here at home. This is one potential source of power we must make use of. We can make use of it to the great benefit of this nation. I do not see the United States shipping to us over here anything they require first at home. That is probably one reason they have developed so much faster than we have over the past seventy-five years. They are a great nation and a developing neighbour. But I should like to tell this committee that the greatest asset they have is not the Atlantic ocean, the Pacific ocean or Mexico but rather this northern boundary alongside of which lies Canada which is supplying them with gold, iron ore, pulpwood, timber, lumber and nickel which is necessary in any kind of a war, machine or defence program.

Mr. Gibson: They are the best customers we have, too.

Mr. Hodgson: Yes, they have been good customers of ours; but this is not a one-way street. I think we should protect Canada and Canadian interests first. Do not

forget that our large cities along the border will need this gas and this power in order to compete with the large cities that lie along the border in the United States. Are we going to go on developing those large cities of the United States, or are we going to make possible more employment and more industry in Canada?

The pipe line is to be a small one, to start with. I think it has been proven in committee—it was to me, anyway—that the potential market for what power will be used from the oil fields to Winnipeg will not warrant, financially, a pipe line of any kind, but it might have the effect of stopping the Trans-Canada Pipe Lines Company, which was granted a charter last year, from coming on through Ontario, Quebec and the eastern provinces, because it will absorb the market provided by all the towns and cities from the oil wells to Winnipeg. Therefore the pipe line for which we have already granted a charter, to be built right across Canada and which I think is most necessary, might not have enough market to warrant its construction for some 1,200 or 1,300 miles before it would get one customer. The first customers would be in northern Ontario, and would be such large cities as Fort William and Port Arthur.

An hon. Member: There would be a monopoly.

Mr. Hodgson: Talking about monopoly, we talked out this same pipe line last year and your city of Vancouver was one that benefited by our talk last year.

Mr. MacDougall: I didn't make any remark.

Mr. Hodgson: The pipe line we talked out last year would have gone down through the United States, and Vancouver would not have had any oil for the next twenty years.

An hon. Member: It still would not.

Mr. Hodgson: However, it is not that pipe line we are talking about. It is the one going through Ontario I am interested in. The Boundary pipe line is out so far as I am concerned. It is only a detriment to a bigger and better line going across Canada and one that I think should be built as quickly as possible. They have spent a great deal of money and have done a great many things toward getting ready to build that line. We do not want to pass this bill in respect of which it has been proven that the market will not warrant building it, financially.

An hon. Member: Where?

Mr. Hodgson: In the committee; or it should have been. It will probably be the means of blocking a bigger and better line. If you take away the nearest market, then the other line has to build across that 1,200 miles before it reaches its first customer, as I said before. There are great cities in northern Ontario. The hon. member for Fort William speaks about Fort William every time he has the opportunity to do so in this chamber. He has also spoken about this line and has mentioned the fact that he is extremely anxious that oil or gas go to Fort William. It has also been proven that the potential market in Port Arthur and Fort William will not warrant the building of a pipe line. Therefore those cities in northern Ontario must have a line that goes on through to the larger cities of Ontario, Quebec and eastern Canada, to make it a sound proposition.

In northern Ontario we have such cities as Fort William, Port Arthur, Sault Ste. Marie, North Bay, and the towns and cities along the line to Toronto. Then west from Toronto we have London, Hamilton, Sarnia, and to the east we have Brockville, Kingston, Ottawa, and then on to Montreal and Quebec. It was explained to us many times in the committee that you cannot pipe gas in the same way you string telephone and electric wires. The gas that goes into a pipe has to be pumped, and it must go to towns and cities where there is a large population to use it in volume. It will never go into individual houses throughout the country; it must go to towns and cities.

We need gas in Ontario to develop hydro-electric power. We are short of electric power in Ontario. We need cheap fuel in order to generate electricity to be used in the rural districts of Ontario and Quebec. Do not forget that when you turn on a light in a home in the country you not only turn on a light in the kitchen or living room of the house, but in the heart of the housewife.

I can tell you why we are short of power in Ontario, and why we need this gas. In Ontario we have had a great hydro development going on for the last eight years. Power lines, dams and power projects have been built as fast as the Hydro Electric Power Commission could get steel, wire, cement, machinery and things to do it with. It has been a wonderful development. However, it has not caught up with the shortage of power, and it has not coped with the speed of industrial development throughout the province. I do not mind telling the committee why there is a shortage of power in Ontario. In 1934 a Liberal government came into power in this province. One of the things the premier, Mr. Hepburn, who was elected at that time, fought the election on was the building of power

lines. He said the building of power lines and power dams was a waste of money, and that Ontario had enough power to do it for a hundred years. But he was very shortsighted because before 1940 we had caught up with all the power we had developed and needed more.

In 1943 the government of the day began a program of hydro development, and it is still developing as fast as it can. The hydro commission built some steam plants to try to cope with the situation. In Ontario today the Hydro Electric Power Commission has steam plants using from 900 to 1,000 tons of coal a day. If anybody tells me that we do not need gas for cheap power in Ontario I will tell them that they do not know what they are talking about. They certainly do not know anything about eastern Canada.

That coal is coming in from the United States. Just think of the amount of foreign exchange that could be saved in Ontario if instead of buying that coal we could buy Alberta gas. The money we saved in that respect could be passed around among Canadians. The same thing applies to Quebec, which is rapidly becoming short of power. Perhaps one of the reasons is that they had a Liberal government down there too long.

Mr. Gibson: You have a good point there.

Mr. Hodgson: We are not going to get gas in Ontario with any help from some of these hon. gentlemen around me; we are going to get it with the help of friends of Canada from one coast to the other. We cannot divide Canada into provinces; we cannot divide one section from another. We do not want to divide our people; we want to stand together as one nation. The things that are good for the east are good for the west, and if gas is good for the west it is good for the east. So far as I personally am concerned, I would rather be using gas from Alberta in Ontario than buying coal from the United States, even if it cost the same. There is no doubt about that. Any engineer will tell you that gas will be cheaper than coal in Ontario. It will mean cheaper power; so when we are talking about exporting our products we have to get the cheapest power we can in order to be able to compete with the nations of the world. We have to take care of our trade and our industry, and this is one way to do it. The way is to process our own natural resources in Canada with our own natural resources. The gas in Alberta was discovered more or less suddenly. There is no doubt in my mind that the government in Alberta has given great encouragement to the development of gas and oil wells. Therefore we have a natural resource in Canada that is the best that could be obtained anywhere. If we had anything in Ontario that was needed in Alberta I would be the first one to give it to them, and just as cheaply as possible. Someone has said that it is a poor hand that will not wash the other. Let us get on with this job; let us get the trans-Canada pipe line built from one end of Canada to the other. I feel sure that the development of gas and oil in Alberta is such that it warrants marketing in the east.

Mr. Decore: Mr. Chairman, I did not intend to participate in this debate tonight, but in view of some of the remarks that have been made by the hon. member for Lethbridge, I feel compelled to make some reply in connection with the oil development in Alberta.

The hon. member for Lethbridge has stated, or he tried to impress upon this committee, or even to convince it, that it is erroneous to state, or even to suggest, that the Alberta Social Credit government has sold out the oil industry to big interests and foreign corporations. Let us examine the situation. My submission—and I challenge the hon. member for Lethbridge to disprove this—is that since the discovery of the Leduc field at least 75 per cent of the proven oil reserves in that province—and it may be as high as 90 per cent—are not in the hands of Albertans, not in the hands of Canadians, but in the hands of foreign corporations. As I say, I challenge the hon. member to disprove that.

Mr. Johnston: What corporations are they?

Mr. Decore: United States corporations.

Mr. Johnston: Name them.

Mr. Decore: There are many of them; I am not going into details now. So much so, Mr. Chairman, that if the United States army had invaded the province of Alberta and in the field of battle we had been decisively beaten, and if there had been a treaty, as there usually is after all battles, then I submit we would not have been given a worse deal than the deal we are getting now from the Social Credit government with regard to the oil industry in that province.

Mr. Blackmore: I want the hon. member to tell us what he means by being "in the hands of". What do you mean by being "in the hands of"?

Mr. Decore: When the hon. member is suggesting that the Alberta Social Credit government are the champions of private business, my submission is that they are not the champions of private business but that they are the champions of big business, so far as the oil industry is concerned in Alberta. I must also say this, that the farmers in that province have made repeated demands from time to time urging that the farmers who

have no mineral rights be given some consideration. Up to now that government has turned a deaf ear to the representations made by these farmers, through their organizations.

We have heard all kinds of wild statements in the house and in other places, for instance statements such as those made by the hon. member for Macleod, that the oil was underneath the ground, that the Lord waited until such time as a good Christian government came into power, and then that oil was developed. That is what is being said throughout Canada, and particularly in British Columbia today, as well as in Saskatchewan. Sometimes we hear it in this house.

Mr. Nickle: Mr. Chairman, I listened with great interest to the hon. member for Vegreville. I was glad to see a member of the Liberal party taking part in this debate. I am sorry, however, that thus far only two Liberals have taken part in it, and neither of them has devoted his remarks to anything relating to the Boundary Pipeline bill. Neither of those Liberal members has spoken a word about the very basic effect of a national gas policy for Canada.

In the few minutes left before nine o'clock I should like to say something about what would seem to be confusion with respect to Liberal policy on natural gas and oil, and I shall refer specifically to the Liberal party in Alberta, private Liberal members in this House of Commons, and to the Liberal government of Canada.

The Chairman: Order. I hope the hon. member will confine his remarks to the bill.

Mr. Nickle: I shall be dealing specifically with the bill in relation to government policy. Before going any further, however, let me say a few words in connection with statements made by two members of the Social Credit party who come from my own province of Alberta. I would refer first of all to what was said by the hon. member for Bow River.

I regret deeply that in his statement in the house last week he made some observations in relation to oil and gas in Alberta and the developments going on in that province which indicated an attitude of provincialism. In other words he took the view that western members may stand together, and that they owe nothing to the east.

Mr. Johnston: I did not say that.

Some hon. Members: Oh, oh.

Mr. Nickle: In that connection, let me quote from memory what the hon. member for Bow River did say. He said, first of all, that British Columbia should have the first right to Alberta gas, and then would come the province of Saskatchewan, and then Manitoba and then, eventually, perhaps eastern Canada.

Mr. Johnston: That is better.

Mr. Nickle: Of course that statement must be taken in relation to present political activities in the west. The Social Credit party is naturally anxious—and again I am quoting what has been said by a Social Credit speaker—to unite the west under the banner of social credit.

Mr. Johnston: It has pretty nearly accomplished that now.

Mr. Knowles: More gas.

Mr. Nickle: Let me say only this, that the natural resources of all parts of this country are, in my opinion, resources belonging to the entire country, and should be put to use for the maximum good of the whole country. And to get back to the hon. member for Vegreville, he made the statement that 75 per cent of the oil of Alberta is under foreign control.

Mr. Low: He said 90 per cent.

Mr. Nickle: The only thing I need say about that is, thank God that a great many foreign oil corporations or individuals were willing to join Alberta, and other Canadian risk capital, to get out and explore and discover those resources in my own home province.

And may I add that, unlike the hon. member for Lethbridge, I do not give credit to the Social Credit government for all that has happened in Alberta by way of oil and gas development. I think the great bulk of the credit must go to those Canadians and those foreigners who have been willing to risk their money in the development and exploration of my home province, as well as other parts of Canada.

Now, as to this business of confusion of Liberal policy on natural gas: First of all, of course we have the Alberta Liberal party which has taken a most unfortunate stand for that province and for Canada—

Some hon. Members: Order.

Mr. Nickle: —a stand in complete opposition to any export to any other province, or anywhere else, of natural gas from Alberta.

An hon. Member: Let us hear about the Tories.

Mr. Nickle: Now, as to the Progressive Conservative private members in this house: the hon. member for Vancouver-Quadra and the hon. member for Lambton West have made statements in the house as to proceedings before the committee on railways, canals

and telegraph lines. It is obvious, upon reading the minutes of those committee meetings, that either the Liberal members on the committee were confused with respect to natural gas and pipe lines, or they had no policy to start with.

As was previously mentioned by the hon. member for Vancouver-Quadra, two members of the Liberal party in this chamber, who come from Quebec, moved the resolution which barred any further cross-examination of witnesses for the oil pipe line company. I regret that that took place because those two members, in effect, have given their considered view, apparently, that the province of Quebec should not get natural gas from western Canada.

Some hon. Members: Nine o'clock.

The Chairman: It is nine o'clock. Shall I report progress and ask leave to sit again?

Section stands.

Progress reported.

Mr. Speaker: It being nine o'clock, the house will revert to the business at hand before six o'clock.

CANADA GRAIN ACT

PROVISION FOR REAPPOINTMENT OF COMMISSIONERS—SALARY INCREASES

The house resumed consideration of the motion of Mr. Howe that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Canada Grain Act to provide for the reappointment of grain commissioners and for increases in their salaries; to provide also for the appointment and salaries of three assistant grain commissioners instead of four; and to provide further for certain technical amendments of the statutory grades of grain.

Mr. Argue: Mr. Speaker, at six o'clock I had expressed the hope that the car order book system would be reinstated at an early date, and I trust that conditions might be such this year that there will be no question in anyone's mind but that the car order book system should be maintained. Another aspect of box car distribution in western Canada that I should like to mention is this. The experience I have seen from one elevator marketing point to another is that the elevator houses themselves are filled up early in the crop year, perhaps a few days or a week after harvesting becomes general. Then when railway companies bring in box cars to the elevator points they are usually divided on an equal basis amongst the elevator companies doing business at a particular elevator point. On the surface such a distribution of box cars may appear fair, but I believe that at the vast majority of marketing points most farmers would like to market their grain through their own co-operative elevator system. Therefore I suggest that to allocate box cars on the basis of the same or nearly the same number of cars per elevator company is not fair. I should like to see the wishes of the producers surveyed—and I believe their wishes could be ascertained before the season commences—to find out at any given marketing point the percentage of producers who wish to deliver their grain to each elevator company provided space is available.

I would say if three-quarters of the producers at a given elevator marketing point indicate that they would like to deliver their grain to their own co-operative elevator, then the co-operative elevator, that is the wheat pool at that particular local point, should get three-quarters of the cars spotted available for that point. As long as cars are spotted on the basis of dividing them approximately equally between all the elevator companies the farmers' wishes to deliver their grain to their own elevator company will not be met.

Because it is at the printers, I have not seen the last annual report of the board of grain commissioners. I pointed out on one occasion previously during this session, and I should like to point out again to the minister, that the Canada Grain Act requires that in the month of January the minister shall receive a report from the board of grain commissioners. The minister indicated earlier that the report had not been received by him some months after the beginning of the year and the report has not yet been printed. I am not attempting to blame anyone for the fact that it is not printed and is not available, but I would hope that in future the minister will receive the report on time and that members of parliament may receive it shortly thereafter.

I should also like to suggest that in the report of the board of grain commissioners there should be more detailed information on overages and shortages. The question of overages and shortages is very much in the minds of western producers. The three prairie farmers' unions have taken great interest in the subject, and I believe have written to all western members of parliament asking that certain information be obtained. I think it would be more satisfactory if that information were placed in the report of the board of grain commissioners each year.

The minister mentioned the figures for overages and shortages in the elevators operating in the prairie provinces. On May 12 a return was tabled in answer to a question of mine as to the reduction in quantities of wheat, oats, barley and flax resulting from drying operations. As a result of drying, I would say from quick calculation that the reduction was some one and a quarter million bushels. A part of the answer to my question reads as follows:

No reduction or loss in weight occurs in the natural drying process whereby tough and/or damp grades are dried by mixing with grain of straight grade.

That was one of the pieces of information the farmers' unions wished to secure. I also asked if the books of the elevator companies for their terminal operations reflected a change in inventories at the end of the year and this is the answer I received:

Elevator book stocks are adjusted for any drying loss through the cancellation of warehouse receipts covering the quantities of tough and damp grain to be dried, and by the registration of new warehouse receipts for the amount of the dried grain in accordance with the board's regulation No. 15, section 6 (g).

If at all possible I believe that kind of information should be placed in the annual report. I do not know whether or not it is in that report, since it has not been printed and distributed, but I believe that is the kind of information the prairie producers would like to obtain.

There is one other matter I should like to raise at this time, the question of introducing a protein factor into the grading system for wheat. As the minister knows, over the years farmers, particularly in the drier sections of western Canada, have advocated the grading of wheat on a protein basis. I have noticed that the chief chemist of the board of grain commissioners, Dr. J. A. Anderson, has given a good deal of thought and study to this problem. Reports have appeared in the press from time to time with respect to papers he has delivered to meetings of various farm organizations. I think he has done a service to western Canada by the study he has made of a protein grading system. It is his opinion that a protein factor introduced into the grading of wheat would be advantageous to western wheat producers in that it would likely result in a greater economic return for wheat.

He outlines the way such a protein factor could be introduced into a grading system for wheat. He goes on to explain that there is no quick method of ascertaining the amount of protein in any given sample of wheat, and because there is no quick way of obtaining the protein content it is difficult to grade wheat on a protein basis when the wheat must be moved quickly to marketing positions. Dr. Anderson goes on to point out that a study is being made of possible methods to quickly determine the protein content of wheat. I hope that the minister, the national research council and other government departments have been working with Dr. Anderson and giving him every assistance possible so that a mechanical device to rapidly determine the protein content of wheat may finally be invented. From Dr. Anderson's comments apparently that is the only major hurdle that needs to be overcome to place the grading of wheat on a protein factor basis.

As I have said, he points out that such a protein grading system would increase the economic return to western producers, would probably be more satisfactory for most milling companies in Canada, and should result in Canadian wheat obtaining a somewhat better price on the world's markets. For this reason I hope Dr. Anderson will be given every encouragement and assistance in his very valuable work.

Motion agreed to, resolution considered in committee, reported, read the second time and concurred in.

Mr. Howe thereupon moved for leave to introduce Bill No. 246, to amend the Canada Grain Act.

Motion agreed to and bill read the first time.

AERONAUTICS ACT

AMENDMENT TO PROVIDE FOR ZONING OF AIRPORTS

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 194, to amend the Aeronautics Act.

He said: Mr. Speaker, the purpose of this bill is to provide for airport zoning. I will now endeavour to deal at some length with the principles embodied in this measure.

Airport zoning consists of the promulgation of comprehensive zoning regulations dividing the area surrounding an airport into zones, specifying the uses of the land permitted in these zones, and regulating and restricting the height of structures and trees. The parliament of Canada having exclusive jurisdiction over air navigation and airports, it appears that enabling legislation of this parliament is required in order to deal with this pressing problem.

The bill to amend the Aeronautics Act may be considered under two heads. The first deals with the authority for making zoning regulations and the second with the procedure to be followed and the payment of

compensation in respect of property injuriously affected by the application of the regulations.

The layman is apt to think that an airport consists solely of its material features, its runways, taxiways, loading areas, lighting equipment, buildings and other facilities. But all of these would be of little practical value if the airport did not have adequate aerial approaches. Aircraft ascend and descend at a very gradual rate. A clear slope must be allowed for in approaching the field and in departing from it. Moreover, the clearance must not be such that the planes will just scrape over the tops of obstacles. The margin allowed should be such that normal landings and take-offs may be made with the planes always some distance above the tops of buildings, power lines, trees and other obstacles.

It must be evident that the effective size of an airport is determined as much by its surroundings as by its own ground area. The erection of buildings and other structures in the vicinity of an airport which are an obstruction to aircraft using the airport would threaten and perhaps destroy the utility of the airport and the large investment of public funds it might represent. But this is by no means the only or most serious consequence of such obstruction of an airport approaches. Of even greater concern is the fact that an approach obstruction endangers the lives and property of flyers and their passengers as well as those of occupants of land in the vicinity. Obstructed approaches are the cause of many aeroplane crashes and a contributing factor in a great number of others.

The problem presented by this necessity for clear aircraft approaches is not only one of removing, lowering, marking and lighting existing airport hazards but one of preventing the establishment or creation of additional hazards. Unless ways are found and steps taken to limit to the extent necessary the height of future buildings, transmission lines, other structures, and objects of natural growth located on property in the vicinity of an airport, it may be expected that many such structures and objects will be erected or allowed to grow to heights making them obstructions or hazards to aircraft using the airport.

Air transportation in the past few years has increased at a phenomenal rate and the future promises further expansion. Since this expansion is bound to bring with it rapid industrial or residential development of areas near airports, it will become increasingly more difficult to deal with the problem of preventing obstruction of airport approaches if the present situation is allowed to continue. The more airport obstructions that are permitted, the more difficult and expensive will be the task of eliminating the existing obstructions and preventing the establishment of others.

The international civil aviation organization has studied this problem and has recommended certain practices in respect of airport zoning to which Canada has subscribed and which the government proposes to follow so far as the circumstances in each case will permit. The requirements vary somewhat according to the use to which an airport is to be put and the type of aircraft that will be using it under a variety of conditions. On the major civil airports certain runways may be designated for use on instrument landing approach. The requirements in respect of these particular runways are naturally more exacting than in the case of those that are limited to the use of visual flight rules. On certain military airports the characteristics of the aircraft using them are such that severe limitations in the matter of airport zoning are necessary.

There are several methods by which airport approaches may be protected against obstructions. One is for the owner of the airport to obtain title to the property in the vicinity of the airport upon which obstructions might be erected. Any hazards already in existence could then be removed or lowered and the land retained or sold subject to restrictions limiting the height of buildings and other objects that might be constructed thereon. In the case of federal airports resort may be had to expropriation if the land owners are unwilling to sell. However, the expense involved is the principal drawback to this method of zoning as the acreage required would be many times that necessary for the airport proper.

At this point I should like to repeat what I said then when speaking on the resolution. It is not the intention of the bill to provide for the removal of existing obstructions. This will be taken care of by the normal procedures of acquiring lands or easements by purchase or expropriation. The zoning regulations contemplated by this legislation would apply to prevent the future erection of buildings or other structures which might become obstructions to aircraft.

The method of zoning by regulations as provided for in this bill is the most satisfactory solution to the problem in that it may be applied to all airports whether government, municipal or privately owned. It is the least expensive method, but at the same time provides for adequate compensation to property holders whose lands are injuriously affected. It avoids separate dealings with a

multitude of property holders. Few steps are of such urgency and few steps are so essential to promote safety.

Generally, the nature of the proposed zoning regulations will follow a plan which will be somewhat as follows. From the centre of an airport a circle may be described having a radius of thirteen thousand feet. Within this circle no structure will be permitted to have an elevation above 150 feet.

In addition to this restriction, the approach flightways which commence at the end of the runways and extend outward from the boundary of the airport will be restricted to structures not exceeding one foot in height for every fifty feet that these structures are located from the boundary.

There will also be restrictions on the lateral slopes on each side of the flightways extending outward and upward at a ratio of one foot in height for every seven feet of horizontal distance. This is rather technical but I think it conveys the general idea of what restrictions may be expected. As each airport has different characteristics, the zoning regulations will be adapted to the plan of the individual airport.

There may also be odd cases where the use of land adjacent to an airport may have to be restricted. For instance, it would be dangerous to have machines in the vicinity of an airport which give off smoke or fumes hazardous to aircraft.

It is proposed to take immediate action, if this measure becomes law, in respect of certain airports operated by the departments of Transport and National Defence. Over a period of years it will be necessary to give this protection to all government airports. At the present time there are 114 of these, not including military airports. In due time it will also be necessary to deal with the zoning of municipal airports where the problems will have to be discussed with the municipalities concerned. There are now 17 airports on the transcontinental airways system operated by the Department of Transport which require immediate protection.

I turn now to the second part of the bill. Provision is made for adequate publication of the zoning regulations which in the case of civil airports will be made by the Minister of Transport and approved by the governor in council. The plan and description of the lands affected by a zoning regulation will be signed and deposited in the land registry office in the same way as is now the practice under the Expropriation Act. A copy of the regulation will be published in the *Canada Gazette* and in two successive issues of at least two newspapers serving the area where the airport is located. This should give sufficient publicity to the regulations.

As I have stated, the bill provides for payment of compensation in cases where property is injuriously affected by the operation of the zoning regulations. The yardstick for measuring compensation will be the amount by which the property is decreased in value by the enactment of the regulations, less the amount by which the property has increased in value after the claimant became the owner, and is attributable to the airport. This is a well known and accepted principle of compensation, and is to be found in the Exchequer Court Act where the court is directed to take into account any advantage or benefit that accrues or is likely to accrue from the construction or operation of a public work.

I have already indicated my view that in the long run owners of property in the vicinity of an airport will benefit from the orderly development of the area under a zoning plan. I recognize, however, that cases will arise where a property owner may be prevented from proceeding with plans for the development of property which will have to be altered or abandoned. In these cases claims will be dealt with by negotiation and fair settlements made. If the parties are unable to agree, the claimant has recourse to the exchequer court which will settle the compensation.

The bill provides for a time limit for making claims of one year from the date of deposit made in the land registry office. It is not proposed to pay out public moneys to claimants unless they come forward within a reasonable time to make their claims.

In the preparation of this legislation considerable study was given to action taken by the United Kingdom and the United States to meet this problem. In both these countries provision has been made by legislation for zoning airports. The physical details concerning the limitations to be imposed are based on international recommendations.

I consider this bill to be a forward step in the field of aviation. It should be enacted as a necessary protection for those who travel by air and those who dwell near airports. The development of the aviation industry in Canada is proceeding rapidly and deserves the support of all members of this house.

Mr. Howard C. Green (Vancouver-Quadra): When the resolution preceding this bill was under debate some days ago, Mr. Speaker, I understood that the minister had agreed to have the bill considered by the standing committee on railways, canals and telegraph lines.

Mr. Chevrier: If I may interrupt the hon. member, Mr. Speaker, I perhaps should have indicated, following my statement, that after

this debate I do propose to move that the bill be referred to the committee on railways, canals and telegraph lines.

Mr. Green: In view of that fact there is very little I wish to say this evening on behalf of the official opposition. We shall reserve our judgment on the bill until it has been considered by that committee. Generally speaking we are in favour of any reasonable safety measures being taken. There is no doubt that safety must be the main consideration in dealing with the questions raised by this bill. But I suggest to the minister that it would be worth while if, before the regulations are deposited covering an airport, he have his officials confer with the municipality or municipalities concerned. As he has said, conditions will be different for different airports. For example, one set of problems may arise at the Uplands airport in Ottawa while an entirely different set may obtain at Dorval, Malton or Stevenson field in Winnipeg, or at Sea Island where we have the Vancouver airport.

Mr. Knowles: That is on the other side of the Marpole bridge?

Mr. Green: Perhaps the minister might even do something about the Marpole bridge.

Mr. Chevrier: Surely not under this bill.

Mr. Green: The government has failed to do much under any other measure, so perhaps this is our last hope.

Mr. Knowles: It may be a hazard to air traffic.

Mr. Chevrier: It must be a lift bridge, then.

Mr. Green: I do suggest that an attempt be made to reach an agreement with the municipalities concerned with regard to the zoning regulations which are to apply to these different airports. Here we have a clear infringement of property and civil rights, although possibly there is power to take this step under the "Aeronautics" decision. It would avoid a good deal of trouble, and help greatly in the administration of the act, if some attempt were made to get the co-operation of the municipalities.

Then we are of the opinion that the compensation provisions set out in the bill are not fair to the people who will be affected by these zoning regulations. There will be many people across the country who have property near an airport. I believe the minister mentioned a distance of nearly three miles from an airport for one type of regulation, so there will be many people holding property in the vicinity of these airports who will be affected by the zoning regulation. We believe they should be given a reasonable opportunity to get proper compensation. It would be far wiser to leave it to the discretion of the judge to decide what reasonable compensation would be.

Instead of doing that we find a provision written right into the bill that the compensation shall be the amount, if any, by which the property was decreased in value by the enactment of the regulation but with the qualification that it shall be less the amount by which the property increased in value after the claimant became the owner. Now, that is a very indefinite provision, and may well have the effect of depriving many people of the compensation they should receive.

Mr. Chevrier: That is written into the Exchequer Court Act.

Mr. Green: We believe there should be a wider discretion left to the judge who will have to decide the case. After all, it is not an easy or cheap procedure for the claimant to go to the exchequer court to have his claim adjudicated upon, and we think no handicap should be placed in his way.

Then the other provision which seems to be much too drastic is the one which says that unless the owner takes action within one year from the time a zoning regulation is filed in the land registry office, he has no claim whatever.

Mr. Speaker: Order. It seems to me the hon. member is discussing the details of the bill at this time; that, of course, is something that is not permitted on second reading.

Mr. Green: Mr. Speaker, these very details have just been discussed by the Minister of Transport (Mr. Chevrier) and I submit that I am entitled to answer.

Mr. Speaker: I do not think that, on second reading, a detail such as the time for filing a claim can be discussed. That is definitely a detail which must be considered in committee. If the hon. member wants to refer to it I will not stop him from doing so; but I hope that he will not discuss it at length.

Mr. Green: Your Honour, there are only two features to this bill. One is the power to make regulations and the other is a provision that the person who is injured by the regulations can claim compensation. I am dealing with this second subject at the moment. Surely I must be permitted to bring out the fact that the bill does not give the owner a reasonable time in which to make his claim for compensation. That is all I am trying to do.

Mr. Speaker: I said that I would allow the hon. member to refer to the matter, but I hope he will not go into it in too much detail.

Mr. Green: It all depends on what Your Honour considers to be too much detail.

Mr. Speaker: I am sure the hon. member understands the rules, and I am sure that he will abide by them.

Mr. Green: Mr. Speaker, we suggest that claimants should be given a longer time than one year. The plan set out in the bill is that the Department of Transport files this copy of these regulations in the land registry office and then inserts two advertisements, I think it is, in a local newspaper. The owner may not learn about that for many months. He may be away. There are a dozen different possibilities which would prevent him from taking action within a year. There is the very fact that the minister has said it is the intention to negotiate with these owners before they have to take action. I have been involved in some negotiations with the Department of Transport at different times, and certainly in my experience they have never broken any speed records.

Mr. Chevrier: My recollection is that they have dealt very fairly with you.

Mr. Green: That is true; but it takes a long time for them to make a decision. It may be months before the poor claimant can find out what the department is going to offer him. Just to sum up, we believe that a longer period should be provided within which the claimant may take action. We think it is only fair that there should be a longer period.

Then there is one other point. When the resolution was under discussion I asked the minister whether or not the municipalities would be required to pay any of this compensation. I have here the exchange of questions and answers, which is to be found at page 1972 of *Hansard*. It is as follows:

Mr. Green: Is there to be some responsibility on the municipality for the payment of compensation?

Mr. Chevrier: I would think so.

Mr. Green: The government is not paying all the compensation?

Mr. Chevrier: I hesitate to answer that at this time. I think that is really a matter which should be considered when the bill is before us.

An indication was given by the minister that the municipalities would have to pay some of this compensation. I suppose it would be in a case where the airport is owned by a municipality; but there is nothing whatever in the bill to indicate that there is to be any contribution made by the municipality. I would ask the minister, when he closes the debate, to indicate whether or not the municipalities are to be expected to contribute something toward the compensation paid. It does not seem to be reasonable that they should have to do that. If they have purchased and developed the airports, I doubt whether it is fair that they should have to pay compensation because of the effect of government regulations. However that may be, we ask the minister to make that point clear when he closes the debate.

As I said in opening, we reserve our judgment on the bill until there has been an opportunity to hear the departmental witnesses in committee and to give consideration there to the different terms.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to take just a few minutes to confirm the support of this measure which we indicated at the time the resolution was before the house. As I said on that occasion, all of us are extremely proud of the safety record we have in this country in the field of aviation; and any measure that is designed to protect that safety record, and indeed to improve that position in the years that lie ahead, is commendable.

We feel that it is well to take measures of this kind in advance rather than to wait until the areas surrounding airports have been completely built up. In fact I could not help but wonder the other day, when the Minister of Transport (Mr. Chevrier) was speaking on the resolution, why there had been such a long lapse of time from the days when similar regulations under the War Measures Act went out of existence.

I listened with interest to the explanation the minister gave tonight. As he spoke it became clear that what looked like a simple bill—it has just one section—in fact contains a good deal. The meat of the bill, of course, is in the power that is conferred for the making of regulations to zone areas surrounding airports. In that connection we appreciate the fact that the minister tonight indicated in some detail the nature of these regulations, and they seemed to be based on common sense. I noted his reference to the fact that these regulations are in line with the commitments we have made as a member of the international civil aviation organization.

With regard to the question of compensation, on which the hon. member for Vancouver-Quadra (Mr. Green) has had something to say, we shall await with interest what the minister says in closing this debate on second reading. Likewise we look forward to an opportunity to have that aspect of the matter discussed a little more fully in the committee. However, looking at the bill as it stands, I confess that I am not unduly concerned. It seems to me to suggest that compensation is available so long as a party can establish the fact that there has been a net loss in the value of his property as a result of the operation of these zoning regulations. I trust that we shall be given the assurance that a person

who has any disagreement, shall we say, with the government over what the actual loss is, will have the usual recourse to the courts. So long as that right is guaranteed there is something to be said for wording the bill rather carefully and cautiously, as it seems to me has been done.

I do not wish to make any final commitment on the compensation aspect of the bill, but I do feel I should say that the terms of it do not worry me in quite the way they seem to worry the hon. member for Vancouver-Quadra (Mr. Green). Nevertheless we shall wait further information on that aspect of it. But certainly with regard to the first part of the bill, the part that deals with zoning for the purposes of safety, on that score the bill has our wholehearted support.

Mr. Solon E. Low (Peace River): I should like to say a word in connection with the bill. I listened to the minister's explanation with interest, and I must say we favour the type of measure which is included in the bill for improving the safety of air travel in connection with the location of buildings, structures and so on in our airports. I feel, as my hon. friend from Winnipeg North Centre (Mr. Knowles) does, that anything we do to increase the length of time during which we continue to have an enviable record here in Canada is justified.

I think the first provisions of the bill are perfectly justified. However, there are some things in connection with it on which we may wish to gather more detail, and for that reason I am glad the bill is being sent to the standing committee.

My only concern about a bill of this kind is always in connection with the compensation clauses. I cannot discuss them in detail here, but it is not clear to me just what sort of set-up is envisioned to enable a claimant to get compensation that is due him. I simply hope that in committee we shall be able to get the details of that set-up, and before the minister closes the debate it may be possible to get them here. All I am saying is this: I hope it is not made too difficult for a claimant to get justice. Too often when compensation clauses of this kind are included in bills we expect the claimant to go before the exchequer court, or some other court, which is often a long drawn out and costly procedure, and all too often I am afraid that the claimant does not get just treatment.

I should like to have the minister explain, if he can without breaking the rules, just a little more in detail what he has in mind in respect to the compensation as provided for in clause 8. If he prefers not to, we can get that in committee. That is my only concern in any of these bills. We commend the minister for bringing in the measure at this time and getting in on the ground floor before a good many airports are approved, extended or established. That is the time to have your regulations set up. Then you do not have too many claims for compensation. I would just like to register my one concern before the bill goes to committee.

Mr. Gordon Graydon (Peel): Before the minister closes the debate I want to say a word in connection with the legislation which is now before us for second reading. In my constituency is the Malton airport, which is one of the largest if not the largest, and certainly the most important, of any of the airports in Canada. I want to make some observations with respect to the effect or probable effect of these zoning regulations on the area surrounding that airport.

When the legislation was first brought into the house last year a considerable amount of public interest was displayed in it in the area which I just mentioned. The question at that time of course resolved itself into two parts. One was the question of the jurisdiction of the federal government with respect to the property and civil rights which are normally enjoyed by provincial jurisdictions in matters of this kind.

My understanding is that some questions were raised in connection with this jurisdiction in other areas of Canada, but it was not pursued so far as the Malton district went. I take it that the minister is now satisfied with respect to the rights of the dominion to legislate in connection with this type of restriction. However, at that particular time I had a conference at the request of adjoining owners and those who had neighbouring properties near the airport in the Malton area. The whole matter was discussed very fully and in a very friendly way at that time, as to the possible effects of these zoning regulations. I think it only fair to the minister and to the house to say that there was no disposition on the part of anyone who attended that conference, despite their individual interests being so important, to suggest that there should not be something in the nature of regulations with respect to the safety of those who were travelling by air and the safety of those also who might be affected in the event of accident in the immediate vicinity.

I suppose since that time public consciousness has been aroused, and certainly has become more manifest, by virtue of the series of very unfortunate plane crashes

in thickly settled areas of population in and around the city of New York. That I think has to some extent, in any event, made it advisable for the government to see that every possible means is taken by the department and by others to see that this kind of disaster shall not be experienced in any major way by our own aircraft and our own system here in Canada. It is always a matter of pride to the Canadian people at large that we have so far escaped any major catastrophe so far as air travel on Trans-Canada Air Lines is concerned. The best possible advertisement for an air line is to say that they transport their passengers in safety. Perhaps that is the best advertisement our Trans-Canada Air Lines can make, and they have been continuing to make that assertion with an almost unbroken record since the line was first instituted, I think in 1936, if my memory is not faulty.

However, to return to the question of zoning which of course is connected very directly with the question of safety, I think it can be said that in some of the areas such as Malton there has been a rather close relationship in the past between the Department of Transport and those who are responsible for the planning of the area under the Ontario planning act. I believe there has been fairly close liaison between those two bodies, and in the meantime that may have made the situation somewhat less difficult in connection with the acceptance of reasonable regulations at this time.

During the last couple of weeks I took the trouble to communicate with municipal and other representative people in the area so as to gain some idea of their views with respect to the regulations the minister has in mind. No grave objections have been raised, so far as the general principle is concerned; but when the matter is before the committee, if they find it necessary or advisable they might like to have the opportunity of coming to Ottawa to give their evidence, or to make their suggestions, as the case may be.

Mr. Chevrier: By all means.

Mr. Graydon: I am glad to have the minister's assurance on that point; because if there are difficulties remaining to be solved I think we ought to have the suggestions and advice of those who are directly affected.

Let me point out that at our conference a year ago the chief apprehension seemed to centre around the matter of compensation. I must say there is still some apprehension on that score. It is all very well for the minister to say that fair settlements will be made. I have no doubt that is in the forefront of his mind at the moment. Nevertheless the fact that some have had to enter into costly arbitrations and court actions to enforce their rights has constituted a type of discrimination against those who, in many instances, cannot afford to have prolonged lawsuits and negotiations, with all their attendant expense, when they are faced with a suit against the government.

I look with some concern upon the minister's suggestion that a judge of the exchequer court would be bound by two restrictions which the minister seems intent upon including in the regulations. The first one, to which reference was made by the hon. member for Vancouver-Quadra (Mr. Green), was the time limit placed upon the filing of claims. I would be the first to admit, with the minister, that there ought not to be a wide-open field for the making of claims, years and years afterwards, and that there should be some finality and some area of restriction in the matter of time as to the date upon which a claim might be filed. Nevertheless I would not like to have included in the regulations an iron-clad restriction or limitation as a result of which, no matter what the circumstances might be, and regardless of the position in which people might find themselves, a judge would not have the right at least to take into consideration equitable factors which might obtain in a particular case.

I think there ought to be some way of meeting a situation with which both the government and those who may have claims might be faced. I am optimistic in my view that a position midway can be found whereby owners would not be given carte blanche rights to claim against the government all through the years, but at the same time the government would not leave itself in a position where it would be completely and perfectly protected the minute one year had expired.

The minister is a distinguished member of the bar and I should think he would be the first to admit that, in all these instances, there is the odd case where a great deal of injustice might result from the too stringent application of a time limit. I think there ought to be something in the regulations which would give a judge of the exchequer court some latitude when dealing with a case where extreme hardship is shown as the result of the one year limitation.

Then I should like to deal with a matter raised by the hon. member for Vancouver-Quadra (Mr. Green), and which I wish to emphasize. I refer to the question as to how compensation is to be arrived at or adjusted. I cannot see why a court should be put in a position where it is in a strait-jacket when it comes to the manner in which it can arrive

at proper compensation. In the first place the minister indicates that the regulations will call for compensation as a result of damages flowing from the zoning regulations in the vicinity of an airport. At the same time, while he gives with one hand he takes away with the other. He indicates that consideration must be given also to the fact that, while in the hands of the owner, the properties may have increased in value by virtue of the location of the airport.

I take objection to the stand taken by the minister, and hope when the committee sits he will not be adamant in the position he has taken in this regard. I have a feeling that this restrictive portion of his regulations, which he proposes to enforce through the exchequer court, might easily have the effect of rendering an injustice to many land owners whom, normally, the court would wish to help.

I would suggest to the minister, who has given a great deal of study to this matter and who has not pressed the legislation too hastily—and I must give him full marks for that, because there has been a considerable lapse of time to give those who are interested an opportunity to come forward and make their suggestions—that these are two points to which he might give special attention. When he comes before the committee I hope he will not appear as an adamant defender of the regulations he now proposes. I would hope that he would be amenable to suggestions and would see, in the name of sweet reason and justice, just how important these two suggestions are, coming as they do from people representing those who may make claims in the future.

Like the hon. member for Vancouver-Quadra, who has spoken officially on behalf of the official opposition, I would hope that in having this matter placed before the committee these two changes might be made, in the interests of those who may be dealing with the government as a result of zoning regulations in the days ahead.

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, if I may take a minute, the hon. member for Peel (Mr. Graydon) has spoken for about thirty minutes on behalf of a very small airport near Toronto. I should like to say something about the Vancouver international airport which is a much larger operation. I think the minister is quite conversant with some of our problems on the coast. Two members of the Richmond council came to Ottawa a couple of weeks ago and had a meeting with the parliamentary assistant to the minister. May I pay tribute to him for his understanding with respect to our problems on the west coast. There are some homes close to the Vancouver airport which constitute a great problem. I think the hon. member for Vancouver-Quadra (Mr. Green) will agree with me that there are six or eight properties close to the new airstrip that should be taken care of by the Department of Transport immediately. They should not wait for the institution of the regulations under this legislation. I have stood in one or two of these homes when large airplanes have flown over the immediate vicinity and I have noticed that dishes on the shelves and other cooking implements have suffered by reason of the large engines used in these planes.

More particularly, some of the young people owning these homes have small children. In some cases they are V.L.A. properties. I do not think anyone in the house will mind my speaking about these people because I think the matter comes under the bill. For instance, I stood in the attic of one house one night where a man and his wife and a couple of little children live. I certainly would not want to live there. I hope the minister will not wait until the bill is on the statute books, because help is needed now. The minister and his parliamentary assistant understand this matter, and I hope we will not have to wait for the bill to become the law of the country. Let us do something about these young people who are living near the Vancouver civic airport.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I add a brief word largely along the line of the speeches made tonight by the hon. member for Vancouver-Quadra (Mr. Green) and the hon. member for Peel (Mr. Graydon).

Every member of the house of course supports the principle of ensuring as far as possible safety around our airports, particularly in the light of the recent disasters in the neighbourhood of Newark. However, attention has been drawn very properly to the features of the bill which pertain to compensation for those whose use of their property is going to be detrimentally affected by the regulations which will be made in pursuance of the powers conferred by this legislation.

In my submission the language of the bill with reference to the basis of compensation is unduly narrow. Account should be taken of the fact that power is given by the bill to limit or restrict not simply the height and location of buildings but their use. If the use of buildings is interfered with it may give rise to a form of damage which cannot be measured in terms of the reduction in the value of the land. It must be measured

also in many cases in terms of loss of business profit or the prospect of business profit. I am sure the minister is well acquainted with the problem that arises in compensation cases where in one class of case the claimant is limited to the reduction in the value of his land and in other cases is permitted to make a claim as well for loss of business profit.

It seems to me this is a situation where the widest basis of claim should be permitted, and where anyone who happens to suffer a business loss, quite apart from reduction in the value of his land, in consequence of zoning carried on in pursuance of the powers conferred by the bill, should be entitled to compensation for that type of loss as well as for the reduction in the value of his property.

My second observation relates to the period of limitation of claims. There are not a few statutes, both federal and provincial, where a similar period of limitation is imposed upon claims. In this case it is one year. I think if you will examine most of these other cases you will find that the date from which the period of limitation runs is a date clearly defined and by its nature bound to be known at once to the person who is about to make the claim. That is not the type of situation we have under the bill. The year begins to run not from the date of some physical injury sustained by the claimant, some incident that impresses upon his mind at once that he may have a claim, but, if you please, the period of limitation runs from the date of deposit of the regulation. The hon. member for Vancouver-Quadra points out that it is not even from the date of the advertisement.

The deposit of the regulation is something that may not come to the attention of a person who has property in the vicinity of the airport for months and months afterwards. It is not something that impresses itself upon his mind. It is not something that comes directly to his notice. Therefore the circumstances contemplated here are not at all to be compared with the circumstances upon which periods of limitation fixed by certain provincial and dominion statutes are based. Accordingly I would urge that these provisions, both in defining the scope of compensation, which is unduly narrow, and the period of limitation, which is unduly short, should be reviewed and revised when the bill goes to the committee. Otherwise I predict now that hardship is going to be suffered by many people. It may be that the government is animated in this situation by the best of intent, but what would happen is what has happened in other situations where cases of hardships arise and are put before the department. The minister will feel he is bound to take this stand: "This is what the legislation says, and I cannot make exceptions. It is true that hardship results, but I am powerless to deal with it unless I am going to open the door to a great many claims for compassionate consideration."

A period of one year, Mr. Speaker, is very short. It is altogether too short in normal cases unless the nature of the claim is such that it impresses itself forcibly upon the mind of the person in whose favour the claim arises. That is not the situation here. Therefore I would urge not only that some better definition be written into the act of the time from which the period of limitation is to run but also that the period of limitation be extended. I am sure I am not alone in this house in having had professional experience of the way in which these altogether too short periods of limitation in our statutes very often work to the detriment of people who have otherwise legitimate claims. It cannot be said that these unduly short periods of limitation are necessary to protect the public interest. Very often it is simply a case of cutting off claims on an arbitrary basis so that government departments will not have to be bothered by the possibility of claims hanging over the department for a period of time beyond a year or so.

It seems to me that what we should have uppermost in our minds is the desire to do justice to people who are sustaining damage as a result of steps taken in pursuance of statutory authority by the government in the general public interest. It seems to me that the language in which the bill is drawn in that respect at the present time is bound to create hardship in many cases. I offer these suggestions in the hope that the minister will give them serious consideration, and that when the bill goes to the committee it may be revised accordingly.

Mr. G. M. Murray (Cariboo): Mr. Speaker, may I commend the minister for this bill. These problems would seem to arise in the southern part of Canada and do not apply to that part of British Columbia which I have the honour to represent. So far as my riding is concerned, the heaviest air traffic north and south is from Vancouver north through Cariboo and Whitehorse to Fairbanks. This is a good piece of legislation. It will eliminate the difficulties which other hon. members seem to think will have to be cleared up.

The large airports in our part of the country are not located near municipalities as the airports at Toronto and elsewhere are. Naturally there will be developments near these airports and this bill will prevent the creation

of obstacles to aircraft. Therefore it is good legislation and the minister is farsighted in bringing it forward. I am sure he has in mind the northwest staging route for which he and his department are responsible. The main airports on that route are Prince George, Quesnel, Fort St. John, Fort Nelson, and other points.

Mr. J. L. Gibson (Comox-Alberni): Mr. Speaker, there are just one or two comments I should like to make. It would seem that this bill applies only to land airports because the words used are "on lands adjacent to." I am thinking of an incident which arose this week in my riding having to do with the mooring of ships adjacent to a marine landing and I am wondering if that would be covered.

Mr. Chevrier: It is wide enough to cover sea bases.

Mr. Gibson: There might be other floating objects to consider.

Mr. Chevrier: Mr. Speaker, in order to cover all the points that have been raised this evening by hon. members I suppose I would have to infringe the rule you laid down, but I think the house will want me to deal generally with some of the objections that have been raised. In doing so I shall try to keep in mind the ruling of His Honour the Speaker.

This is a simple bill. While the zoning regulations may be somewhat complicated I am afraid there is some misapprehension about the application of the restrictions. I should like to deal with that because it is dependent upon the matter of compensation which follows. There seems to be an idea in the minds of hon. members that this legislation is going to affect far more people than in fact it will. It is intended by this bill to create three zoning areas or restrictive areas surrounding airports. The first is that within a radius of 13,000 feet from the centre of an airport no building shall rise to a height of more than 150 feet. My information is that at airports such as Malton and Dorval no building exists that would be in contravention of that zoning regulation.

The second zoning restriction is that in the approaches at the end of the runways having a width of 1,200 feet at the runway end, by a depth of 10,000 feet, and a width of 4,000 feet at the outer end, no building shall rise more than one foot for every 50 feet out. In the third area on the lateral slopes of the flightways no building shall rise more than one foot for every 7 feet out.

I am not able to say how these restrictions will affect different airports such as Vancouver, Malton, Dorval and the like, but it is my understanding that the results of this legislation will not be nearly as serious as seems to be the thought of some hon. members.

The hon. member for Eglinton (Mr. Fleming), when dealing with compensation a while ago, said that adequate or fair compensation should be paid for the use of the property.

Mr. Fleming: Not paid for the use, paid for the interference with or the restriction upon the use.

Mr. Chevrier: I am not going to enter into an argument with my hon. friend but he did use the word "use". He may not have intended to use it. The point I want to make is that these regulations do not interfere, broadly speaking, with the use. They are easements in connection with the area at the end of runways and on the side. In other words, they are in effect avigation rights, as they are called in the United States.

Mr. Graydon: How do these compare with the United States?

Mr. Chevrier: I am going to come to that at a later stage in my remarks.

Mr. Fleming: May I ask the minister if he has considered the opening words of section 1 (1) (j) which gives the power to make regulations and where the words "use and location of buildings, structures and objects" are used?

Mr. Deputy Speaker: Perhaps I should say at this point that we should not deal with the bill section by section on second reading.

Mr. Chevrier: That confirms my impression of my hon. friend having used the word "use". I do not want to get into an argument with him about what he said or did not say. I am simply trying to be helpful. If there are any buildings that must be taken down they will be taken down in the ordinary manner. They will be expropriated under the ordinary rules of expropriation and compensation and will be paid in the ordinary manner. There should not be any difficulty as to that and I presume that is why the word is used in the section to which I have no right to refer.

The three zoning areas that will be established will, as I tried to indicate a while ago, create what are known as easements over property or avigation rights. It is proposed to compensate to the extent mentioned in the bill for those rights. My hon. friend has said that the time limit is not long enough and that the compensation provisions are not fair. We gave this matter careful consideration and we think they are fair having regard to the law elsewhere.

This is a departure from ordinary practice. We are entering into a new field. There is no provision for compensation under the law of the United States. I understand that the federal government there has no zoning regulations; it is the states which pass legislation authorizing the municipalities so to do. Airports are zoned there in the same manner as municipal buildings are zoned and no compensation is paid. I am informed that the practice is somewhat different in the United Kingdom and that in certain cases compensation is paid in accordance with the statute which defines the method of compensation. Our officers have studied the methods of procedure in those two countries, and have come to the conclusion that this would be as fair a method of dealing with the situation as can be found.

Mr. Graydon: You did not enlarge on the United Kingdom regulations.

Mr. Chevrier: I could; but I should like to go on and deal with some other points that were raised.

It has been suggested that this is a clear infringement of property and civil rights. If there were no Aeronautics case, if there were no Johannsen versus the rural municipality of St. Paul case, it would be. In view of those two decisions, it is not. According to those decisions the federal government, under the sections of the British North America Act mentioned particularly in the latter decision, has the right to zone airdromes.

The member for Vancouver-Quadra (Mr. Green) asked whether the municipalities will be required to pay compensation. I should like to answer that question in this fashion. We propose to proceed with the zoning of a number of federal airports almost immediately, that is the main transcontinental airports that perhaps require zoning more than others. This might well include a number of municipal airports. In the case of the Calgary, Fredericton and Saint John airports, no question will arise at all because I do not think—I say this subject to correction—anyone will suffer because of the three zones to which I referred earlier. I am not able to speak with the same authority in so far as Edmonton is concerned. At that point another problem arises because the airport is used partly by civilian aircraft and partly by military aircraft.

In that case it would be unfair, I think, to ask the municipality to pay compensation when the traffic is in part military. But on the other hand it is expected that the municipality will pay a portion of the contribution. How much will it amount to? In some cases it may amount to absolutely nothing. In other cases it may be a very small amount. In any event it will be impossible to determine the amount until such time as the regulations have been made for each and every airport separately. In order to answer my hon. friends I must qualify any definite yes or no in that fashion.

Mr. Green: May I ask the minister a question. If it is the intention that the municipality should pay a portion of the compensation, why is there no provision in the bill covering that payment?

Mr. Chevrier: We do not think that is necessary, any more than it is necessary—

Mr. Green: To clarify my question may I say that the right is given to sue the crown for compensation. There is no such thing as suing the municipality, and yet in some way or other the municipality is to be dragged into this picture to pay part of the compensation. What puzzles me is why there is no provision in the bill to make that possible?

Mr. Chevrier: There is no provision in the bill for two reasons. First, because in some cases the municipal airport lies outside of the boundary of the municipality. Certainly that is the case in one municipality I have in mind now, and it probably is the case at Vancouver although I am not sure.

Mr. Green: Yes, it is.

Mr. Chevrier: That is one difficulty that lies in the way. Another difficulty is that I believe it is not an ideal way of drafting legislation to spell out all the eventualities that may arise.

The hon. member asks whether we shall confer with municipalities. Yes, of course; it is the intention to do that just as soon as a regulation covering an individual municipal airport has been drafted. We hope and believe that it will be possible to negotiate not only with the municipalities but with most of the property owners without the necessity of going into court.

There seems to be a great deal of objection to the time limit of one year. Again I am afraid I am infringing the order of the Speaker, but in order to answer that I shall have to deal to some extent with the bill. I shall try to avoid it if I can. If the bill is read carefully it will be seen that the one year does not begin to run until such time as the plan is deposited in the registry office. The plan is not deposited until, first of all, the regulations have been made covering the individual airport, and next those regulations have been published in the *Canada Gazette* and in two newspapers serving the area.

For instance, in the case of Malton, the property owners have been dealing with these

questions for some months, in fact some years. They have gone ahead on their own, and I commend them for it. Unquestionably those people will immediately be notified of what is happening by the discussion in parliament, by the notice in the press, by the deposit of the plan in the registry office, and so I do not think they will suffer because of the time limit of one year. Surely there has to be a limit to the time within which a property owner can make his claim for compensation.

Mr. Fleming: Will the minister explain how people are going to know that the regulations have been deposited against their titles? The mere deposit of the regulation does not bring it to the attention of the property owners.

Mr. Chevrier: No, but the notice in the press, the notice in the *Canada Gazette*, the discussion in the house, the fact that the bill came up here over a year ago and has been held ever since then, surely is some indication that the government intends to deal with zoning. Furthermore, the pressure that has been exercised by municipalities and various other public bodies upon the Department of Transport and the government to zone airports is, in itself, some indication of that intention.

I believe I have covered the ground as adequately as I can, Mr. Speaker. The bill will be referred to the committee where there can be a more minute and detailed discussion. I am sure the discussion which has taken place in this house will be of great benefit to the members of the committee.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

CANADIAN FORCES ACT

DISCIPLINE AND ADMINISTRATION—COURTS MARTIAL—PENSIONS, SUPERANNUATION, ETC.

Hon. Alphonse Fournier (for the Minister of National Defence) moved the second reading of Bill No. 224, respecting the Canadian forces.

Mr. G. R. Pearkes (Nanaimo): I do not know whether the parliamentary assistant to the minister intends to make a statement on this bill. Might I suggest that when we go into committee, since the bill deals with amendments to four separate acts, an explanation be given for each of these sections as we come to them. For instance, the first section deals with the National Defence Act. When we start with the paragraphs dealing with that section, perhaps the parliamentary assistant would make a statement. Then the next part deals with the Civil Service Superannuation Act, the third with the Defence Services Pension Act and the fourth with the Senate and House of Commons Act. Rather than have a general statement now, perhaps it would simplify things if we had in committee a statement on each of those sections.

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

On section 1—*Short title.*

The Chairman: In order to meet the wish of the hon. member for Nanaimo, may I ask if he wishes me to call each section as a whole?

Mr. Pearkes: I think you would have to call each section, Mr. Chairman.

The Chairman: Oh, yes.

Mr. Pearkes: But when we come to section 2, for instance—

The Chairman: I mean by subheadings. For instance, since the parliamentary assistant will make a statement on the amendment having to do with the National Defence Act, does the hon. member wish to have all clauses of the bill under that subheading considered at the same time?

Mr. Knowles: There is only one clause under that heading.

The Chairman: Yes, there is only one; and there is only one having to do with the Civil Service Superannuation Act, only one having to do with the Defence Services Pension Act and only one having to do with the Senate and House of Commons Act. Then, shall clause 1 carry?

Section agreed to.

On section 2, subsection 1—*Definition of "service estate".*

Mr. Campney: If I may make a suggestion, I should like to do so. As the section to which we are now addressing ourselves contains I think seventeen subsections, and they deal with a number of different matters in relation to the National Defence Act, it might be more helpful if we took each subsection by itself and dealt with it on its own.

The Chairman: Is it agreed that we should follow that procedure?

Mr. Knowles: There are 18 subsections.

Mr. Campney: Yes, there are 18.

The Chairman: Is that suggestion agreed to?

Mr. Pearkes: Yes, I think that is agreeable. Would the parliamentary assistant like to make a general statement now covering these amendments or is he going to explain each subsection?

Mr. Campney: I think the minister on the resolution, on two separate occasions—on May

7 and 13—covered the scope and purport of the bill. It might be more expeditious therefore if I dealt briefly with each subsection as it is called.

Subsection 1 of section 2 is a minor amendment. The National Defence Act defines "service estate" and sets the procedure as to how service estates shall be handled. It has been found in practice that there are occasionally portions of a serviceman's or a servicewoman's estate which it is not convenient to deal with under the administrative provisions of this act such as trust benefits or something of that nature, which are in the hands of other administrators. The purpose of this subsection is to permit the governor in council to exempt from the present definition of "service estate" any specific item in any instance in which it is deemed in the interests of the estate that this should be done.

Subsection agreed to.

On subsection 2.

Mr. Campney: I should like to suggest that subsections 2 and 3 stand until we come to subsection 17 because it also deals with the Geneva conventions which I think can be more appropriately explained at that time. May we allow those two subsections to stand for the moment?

Subsections 2 and 3 stand.

On subsection 4.

Mr. Campney: The purport of subsection 4 is to eliminate from the National Defence Act reference to the summary of evidence. The new regulations under the National Defence Act do not provide for a summary of evidence as experience shows that summaries of evidence tend to lead to error and sometimes may even prejudice an accused. This is due to the fact that summaries of evidence are prepared in many cases by persons without legal training. The amendment in subsection 4 of section 2 brings the National Defence Act in line with the regulations in that respect.

Subsection agreed to.

On subsection 5.

Mr. Campney: Subsection 5 does two things. Some years ago a system of progressive increases in rates of pay was established. A new punishment known as "forfeiture of service toward progressive increase in pay" was provided for in the National Defence Act. Regulations governing the administration of this punishment proved to be impracticable and consequently, when the Queen's regulations under the National Defence Act were promulgated, it was decided that the punishment should be abandoned. That is the first point covered by this subsection. The second is that in the descending scale of punishments set out in subsection 1 of section 121 of the National Defence Act, "severe reprimand" and "reprimand" are placed below punishment by fine. Experience has demonstrated that a fine in fact should be treated as a lower punishment than either a reprimand or a severe reprimand and it has therefore been decided to have its position in the scale changed accordingly. It is felt that about the most minor punishment that a commanding officer can give to a soldier for an offence is a fine of $5 or $10, and that a fine ought to be treated as less serious than a reprimand or a severe reprimand.

Subsection agreed to.

On subsection 6.

Mr. Campney: Subsection 6 is a consequential amendment dealing with the same matter.

Subsection agreed to.

On subsection 7.

Mr. Campney: Mr. Chairman, subsection 7 in conjunction with subsections 8 and 9 is inserted in the act for the purpose of extending, under certain restrictions, the categories of officers in the three services who can approve of punishments. Under the present regulations such an officer must be of the rank of commodore in the navy, brigadier in the army or air commodore in the air force. It has been found that, especially in view of the growing numbers of persons now in the services, quite occasionally a man of suitable rank is not quickly available to deal with and approve of punishments. It is sought by this subsection to make it possible to create an approving authority in the navy of a rank not below that of captain, in the army, colonel, or in the air force a group captain, in each case to be designated by the minister. The amendment is proposed in the interests of facilitating approval of punishment.

Subsection agreed to.

On subsections 8, 9 and 10.

Mr. Campney: Subsection 10 merely increases the authority of the commanding officer to delegate his powers to officers under his command within the limits set out in the subsection.

Subsections agreed to.

On subsection 11.

Mr. Campney: This is a consequential amendment dealing with the same subject I

have previously referred to and which changed the order of punishment in regard to reprimand and fine.

Mr. Sinclair: I should like to ask a question on subsection 10. Does this mean that a junior officer, for example a flight commander, can now give up to fourteen days' detention on the delegation of powers by a commanding officer?

Mr. Campney: The provision to which this subsection is an amendment itself qualifies that by saying that the commanding officer may, again subject to regulations made by the governor in council and to such extent as the commanding officer deems fit, delegate his powers.

Mr. Sinclair: It may be possible for a junior officer to sentence a man of that rank to fourteen days.

Mr. Campney: If he was so authorized by his commanding officer.

Mr. Goode: I should like to know if the parliamentary assistant can clarify this. I should like to know how far a commanding officer can go in delegating his authority. I have known a lot of second lieutenants in the army who should not have that authority. How far can a commanding officer go down the line before it stops?

Mr. Campney: The power of delegation is limited; the most serious punishment which can be given by a delegated officer is detention not exceeding fourteen days, and lesser punishments, namely severe reprimand, reprimand and fine not exceeding basic pay for fifteen days and what are termed minor punishments.

Subsection 11 has already been dealt with by me. It is the same point, the relative position of fines, reprimands and severe reprimands.

Subsection agreed to.

On subsection 12.

Mr. Goode: I am still not satisfied. I had quite a little to do about this, and I am quite sure the hon. member for Coast-Capilano had also, and that is why he asked the question. How far can this go? I would like an answer from the parliamentary assistant. If he cannot give it now perhaps he will let me know in a couple of days how far the commanding officer can go down the line before he reaches the point where he cannot delegate the authority to a junior officer. I would not want to think that this house was going to pass an amendment under which a second lieutenant, or a lieutenant in a junior command, could give a man fourteen days. I would like to have that information.

Mr. Campney: It is my understanding that the commanding officer, subject to approval, can give punishments up to 90 days detention, but under this subsection as it is now proposed he cannot delegate the giving of punishment by a junior officer beyond 14 days detention, and the lesser punishments to which I have already referred.

Mr. Sinclair: Does the accused still have the right to ask for a court martial in this case? If there is a summary trial before the commanding officer or a junior officer where he is going to be sentenced to detention, has he the right to ask for a court martial?

Mr. Campney: As I understand it under the new code of service discipline, a private has no right under the circumstances mentioned by the hon. member for Coast-Capilano to ask for a court martial, but a non-commissioned officer would, as detention automatically involves reduction in rank.

Mr. Sinclair: My recollection of the last war is that in a case where the commanding officer was going to pass punishment which affected the man's pocketbook, as a detention does, he asked the man this question: Are you going to accept my punishment? The hon. member for Nanaimo will confirm me in that, I am sure. Then, with respect to the point raised by the hon. member for Burnaby-Richmond and myself, in the case of a man being sentenced to 14 days, has he not the right to ask for a full court martial as he had before? Then there is the other point raised by the hon. member for Burnaby-Richmond, to how junior an officer can these powers be delegated to put a man away for 14 days?

Mr. Goode: Before this subsection passes I should like an undertaking that we will get some information on it. I am surprised that the hon. member for Nanaimo has not raised some question on this because no one in the house has more experience in these matters than he has. I have taken men up in front of junior officers for punishment, and I would not want to see this power delegated to those ranks by any amendment. Before this amendment goes through I should like to have a full understanding from the department that this authority is not to be delegated to junior officers.

Mr. Campney: The regulations provide that the authority may not be delegated to officers below the rank of captain in the army and an equivalent rank in the other services.

Mr. Goode: I would take it that this amendment has to do with captains handling these matters, and that is quite satisfactory.

Mr. Mutch: Would that delegation of power apply in the case of a detachment commander of lower rank than a captain?

Mr. Campney: I am informed that under the Queen's regulations the detachment commander has the same power as the C.O., subject to the C.O. in his case having approved of his having that power.

Mr. Mutch: So that in such a case the detachment commander can be and very often is an officer junior in the army to a captain or a similar rank?

Mr. Campney: It could be in that case, yes.

Subsection agreed to.

Subsections 13 to 16 inclusive agreed to.

On subsection 17.

Mr. Pearkes: We would like to get an explanation, because this is the most important subsection of these whole amendments.

Mr. Campney: In August of 1949 the Geneva conventions were entered into. I think they were instituted under the leadership of the Red Cross and resulted from a conference held under the aegis of the Swiss government. They provided for, I think it may be said, the creation or the definition of a series of new crimes called grave breaches, such as torture, biological experiment, and generally a type of crime that I suppose arose in the second world war from the activities of the nazis and from the same type of crime perpetrated by the communists, and which have come to be quite widespread. These conventions provide that countries which subscribe to the conventions agree to enact legislation to enable them to bring persons guilty of such crimes before their courts. In other words the people who have charge of such persons are to be charged with the responsibility of bringing them to trial. Canada has not yet subscribed to the Geneva conventions; but in the event that such action is taken it will be necessary to have certain provisions in the National Defence Act to establish the authority of Canadian tribunals to try alleged offenders. In the opinion of the authorities in the departments of justice, of external affairs and of national defence, such trials, if held in Canada, should take place in the civil courts. The two subsections I had stand over, and this subsection 17, seek to provide the legislation which would make the sanctions of the Geneva conventions operative, if subscribed to by Canada.

Mr. Pearkes: Is it not rather unusual to put on the statute books legislation in connection with an international treaty which, I understood the parliamentary assistant to say, had not been ratified by Canada?

[Mr. Mutch.]

Mr. Campney: The last section of the bill provides that those sections dealing with grave breaches under the Geneva conventions of 1949 will not be effective so far as Canada is concerned unless and until brought into effect by the governor in council. That, of course, would only be in the event that the Geneva conventions are ratified by Canada.

Mr. Pearkes: Would these regulations apply to a person who was not a citizen of Canada, but was residing here? I am referring to a foreigner who is not one of our nationals, but who committed a crime in Canada? Would it also apply to a Canadian national, if the crime were committed outside Canada? In that event, would that Canadian national be tried by a Canadian court martial, or would he be tried by the court of the country in which the crime was committed?

Mr. Campney: If the foreigner were in Canada he would be tried here in Canada by the civil courts. But if a Canadian citizen were abroad, then under the terms of the Geneva convention he could be tried by the country by which he is held in custody if it, too, were a subscriber to the conventions. Or he could be handed back to Canada, or tried in any way the country in whose custody he was—that country being a signatory to this convention—should see fit.

Mr. Pearkes: Well, may I have a clearer interpretation? Let us say there is a Canadian soldier in Korea or China at the present time who is accused of committing one of these crimes. I think the parliamentary assistant suggested something in connection with germ warfare, when he explained the nature of the crimes. Then do I understand we are agreeing that the Canadian soldier could be tried by a Chinese court, and punished while he is in China? Surely that is taking a very different attitude from that which is being taken now when the United States, or perhaps I should say the United Nations, object to the returning of prisoners of war who do not wish to be returned. This, it seems to me, is going in the very opposite direction. We are saying here that a Canadian who is charged with such a crime as this may be tried by an enemy court, or a court of a country which may at least be only a neutral.

Mr. Campney: My understanding is that if a citizen of one country that is a party to these conventions, whether he be a soldier or a civilian, were in another country which is also a party to the convention, he could be dealt with by the country in which he is located in regard to these grave breaches of the article of the treaty to which I have referred.

Mr. Green: That is, if China were a party to the convention—

Mr. Campney: Yes; both countries have to be parties to the convention, of course.

Mr. Pearkes: Can the parliamentary assistant tell us which countries are signatories to the convention?

Mr. Campney: So far the following states have ratified: Chile, Czechoslovakia, Denmark, France, the Holy See, India, Italy, Yugoslavia, Lebanon, Monaco, Norway, Pakistan, Switzerland, Liechtenstein and Jordania.

Mr. Pearkes: I notice that neither the United States, the United Kingdom, France nor Canada have signed.

Mr. Campney: Canada has not ratified.

Mr. Pearkes: Then I suggest that we are moving too quickly in this matter. A great deal more consideration should be given to it. I asked some questions at the resolution stage, as to whom this applied, and I think we should have some further detailed explanation before we agree to allowing our nationals to be tried in foreign courts for these grave breaches of the Geneva convention. Apparently none of the major nations of the world have agreed to a similar condition.

Mr. Fournier (Hull): Have it stand.

Mr. Green: Eleven o'clock.

The Chairman: Shall this subsection stand?

Mr. Pearkes: Yes.

The Chairman: Is it carried?

Mr. Pearkes: No. 18—but not No. 17.

The Chairman: Then I understand that subsection 18 will carry, and 17 stand.

Subsection 17 stands.

Subsection 18 agreed to.

Section stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will proceed with the following bills and resolutions: Bill No. 63, to amend the Prisons and Reformatories Act; Bill No. 196, to amend the Supreme Court Act; Bill No. 197, to amend the Interpretation Act; the resolution to approve the supplementary extradition convention; Bill No. 210, to provide for carrying into effect the treaty of peace between Canada and Japan; and the resolution to approve ratification of the convention respecting the crime of genocide.

Mr. Fleming: May I ask the minister whether it is understood that if second reading is given Bill No. 210, to provide for carrying into effect the treaty of peace between Canada and Japan, the bill will then be referred to the standing committee on external affairs?

Mr. Fournier (Hull): That is what I think, although I have not consulted the interested minister. However, to date every proceeding that has come from his department has been sent to that fine committee on external affairs, and if he consults me I will advise him that it may be a good thing to refer it to that committee.

Mr. Fleming: I understood there was an arrangement to that effect.

Mr. Fournier (Hull): I am not the minister interested in that department but I will do my best to convince him that it should go to that committee.

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

HOUSE OF COMMONS

Wednesday, May 21, 1952

The house met at three o'clock.

STANDING ORDERS

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. Matthew MacLean (Cape Breton North and Victoria) presented the second report of the standing committee on standing orders, and moved that the report be concurred in.

Motion agreed to.

EMERGENCY GOLD MINING ASSISTANCE ACT

TABLING OF REPORT FOR FISCAL YEAR ENDING MARCH 31, 1952

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, I desire to lay on the table the report on the administration of the Emergency Gold Mining Assistance Act for the fiscal year ending March 31, 1952. This is the English copy. The French copy will be ready in a few days.

[*Later:*]

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): I should like to ask the Minister of Mines and Technical Surveys if the report on the operations of the Emergency Gold Mining Assistance Act, which he has just tabled, will be available in quantity for distribution among the members before the second reading of the bill is proceeded with?

Mr. Prudham: I am informed that it is now coming off the press, and should be ready within the next couple of days for distribution.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 243, to incorporate the Great Eastern Insurance Company.—Mr. Macnaughton.

Bill No. 244, respecting the Economical Mutual Fire Insurance Company.—Mr. Darroch.

QUESTIONS

ST. MARGARETS, N. B., DEVELOPMENT PROJECT

Mr. Brooks:

1. Did the Department of National Defence or any other government department issue contracts for a development project at St. Margarets, near Chatham airport, Chatham, New Brunswick?

2. If so, was the contract on a cost plus basis, and what was the cost?

3. Did the contract include the clearing and cutting of lumber on this area?

4. If so, how much lumber and pulpwood was cut, and what credit did the government receive for the same?

Mr. Dickey:

1. Yes.

2. The contract is on a cost plus fixed fee basis in the total amount of $2,600,000, of which $119,000 represents the fixed fee.

3. Yes.

4. Approximately 75 cords of wood have been cut. The contractor is using the wood to meet his fuel requirements. So far, none of the wood has been sold but if any is sold the government will be credited with the proceeds.

TORONTO ISLANDS—EROSION AND FLOODING

Mr. Hees:

1. Has the government received a report from the engineer sent to investigate the damage caused by flooding and erosion to the Toronto islands?

2. If so, what is the recommendation of the engineer for protective works to prevent further deterioration?

Mr. Fournier (Hull):

1 and 2. Matter under investigation.

GRANTING OF CONSUMER CREDITS BY BANKS

Mr. Brown (Essex West):

1. Are chartered banks in Canada in any way restricted in the granting of credits to vendors of household furniture, household appliances, motor cars, electrical equipment or other consumer goods?

2. If so, in what way?

Mr. Sinclair:

1. No.

2. Answered by No. 1.

ELEVATOR COMPANIES—GRAIN HANDLED FOR WHEAT BOARD

Mr. Wright:

1. What are the names of the elevator companies who handled grain for the wheat board, during the five-year pool?

2. How many elevators did each such company have: (a) country elevators; (b) terminal elevators?

3. What was the amount of grain handled by each company for the wheat board, during the five-year pool?

4. What was the amount handled for the wheat board by each of these companies, for the crop year 1950-51?

Mr. Howe: Mr. Speaker, I am told this question cannot be answered for two reasons: One

is that the information asked for in Nos. 3 and 4 is not available from the privately-owned elevators, and there is objection to giving the answer for publicly-owned elevators since that answer would disclose the competitive position of each elevator company. I ask that the question be dropped.

Mr. Speaker: Question dropped.

INDIANS ON RESERVES—PAYMENT OF CHILDREN'S ALLOWANCES

Mr. Wright:

1. Is it the custom of the Department of Health and Welfare to pay children's allowances in cash directly to Indian mothers on reserves?
2. If not, how are such allowances paid?

Mr. McCusker:

1. In 86·4 per cent Indian cases, family allowances are paid directly to Indian mothers.

2. In the remaining cases, allowances are paid either to the Indian agency trust account (2·3 per cent) or in kind (11·3 per cent).

TRAFFIC INFRACTIONS, ETC.—QUESTIONING OF OFFENDERS REGARDING RACIAL ORIGIN

Mr. Dinsdale:

1. In apprehending motorists for minor traffic infractions do members of the Royal Canadian Mounted Police question the offender concerning his racial origin?
2. If so, is this a general practice in connection with all minor legal infractions, and for what purpose is the information needed?

Mr. Garson: I shall answer this question orally. The answer to question No. 1 is no.

Question No. 2 is answered by No. 1.

UTILIZATION OF BITUMINOUS SANDS

Mr. Nickle:

What progress has been made over the past year by scientists working under the direction of the Department of Mines and Technical Surveys in matters related to the bituminous sands of north-eastern Alberta, with particular reference to economic mining of the sands, separation of bitumen from the sand, and processing of bitumen into usable products, and any other progress towards utilization of the bituminous sands?

Mr. Prudham: The question asked relates to the work during the past year of the scientists of the Department of Mines and Technical Surveys on the problems of utilizing the bituminous sands of Alberta. In this period the scientists have designed, installed and operated a small low-pressure hydrogenation plant and in their experiments have successfully removed the high sulphur content from gas oil derived from bitumen. The gas oil is a field product that would be distilled from bitumen derived by either the cold-water or hot-water method of separating the bitumen from the sands and it is necessary to design a further step or process in which sulphur is removed before the oil, which would otherwise be very corrosive and unacceptable, is pipelined to refineries. The application of hydrogenation provides one of the important fundamental answers required by industry and Mr. S. M. Blair, the technical consultant employed by the Alberta government. This work on hydrogenation is being pursued intensively to obtain proper data for its commercial application and when put into practice there would be important by-product recovery of sulphur, a mineral in very short supply.

During the year the mines branch of the department has also proceeded intensively with the obtaining of equipment and its installation in a laboratory designed for extensive fundamental research in hydrogenation at variable pressures up to an extreme high pressure of 20,000 pounds per square inch. This plant will work on the Alberta bitumen problem and it may be that the eventual most economic utilization of the tar sands for production of gasoline and other high-grade fuels will involve a wider use of the hydrogenation process than its mere application to sulphur removal.

One of the laboratories has also been engaged in fundamental studies of the constitution of bitumen and throughout the year the federal scientists have been in close consultation and collaboration with the technical consultant of the Alberta government. At the symposium on the bituminous sands held in Edmonton last September, which was largely attended by representatives of the oil industry, the department was represented by its director general of scientific services, Dr. George S. Hume, who is a leading oil geologist and by a group of scientists from the federal mines branch. These scientists took a leading part in the conference by their presentation of papers on the work the dominion government has carried out to assist exploitation of the bituminous or oil sand resources of Alberta.

It is necessary to a proper understanding of the present work to have some background information. Following many years of work by mines branch on surface exploration of the deposits and on preliminary studies of uses for the bitumen, the dominion government in 1942 embarked on a project to definitely find workable deposits for their oil content and to determine the practicability of producing gasoline and high-grade fuels. This program on the one hand consisted of extensive drilling. A method had to be found which would properly sample the deposits at depth and when successful

core-drilling had been accomplished the method was applied over extensive areas. This work during 1942 to 1947 produced the first information on which actual exploitation of the deposits could be based. Its most important finding was the location in the vicinity of the Mildred-Ruth lakes, 20 miles north of Fort McMurray, of a deposit of better grade sands containing, in an area of four and a half square miles, 900 million barrels of oil or sufficient to operate a twenty thousand barrel per day oil plant for more than one hundred years.

Concurrently with starting the drilling for workable deposits the federal scientists and engineers joined efforts on the economic aspects of exploiting the oil sands with Consolidated Mining and Smelting Company of Canada Limited and Abasand Oils Limited, the latter the only organization with a plant for separation operations.

Oil froth separated from the sands was shipped to Universal Oil Products Company in Chicago and pilot plant tests there gave the first definite information on the possibilities of the bituminous sands for producing standard commercial petroleum products. It was still necessary to develop an efficient method for separating the very heavy oil from the sands and a field process to remove its heavy characteristics and sulphur.

The Abasand Oils Limited plant was rebuilt with federal aid and tests were made of the McClave hot-water process. Before the plant was destroyed accidentally by fire in 1945 a start had been made at developing a cold-water process which was later fully developed by test runs in a pilot plant installed at the mines branch in Ottawa, which plant was also used to develop means for reducing the heavy oil to a light gas oil.

Thus the scientists of the department have been engaged in a consecutive, co-ordinated investigation designed to assist the oil industry and the Alberta government in determining the best and most practicable means of utilizing the oil in the bituminous sands and through the current work is providing an answer to the problem of how to remove sulphur from the intermediate gas-oil product.

SHAUGHNESSY HOSPITAL—LAUNDERING SERVICE

Mr. Goode:

1. What is the average monthly cost of laundering for Shaughnessy hospital, Vancouver, British Columbia?

2. Is this work done by contract?

3. If so, who does the work?

4. What is the monthly average loss of linen at this hospital?

5. Does the loss originate at the laundry firm?

Questions

Mr. Mutch:

1. $7,837 a month during 1951.

2. Yes, on annual competitive tender.

3. Nelson Laundries Ltd., 2300 Cambie St., Vancouver.

4. $170 a month during last six months of 1951.

5. Partly, and fair compensation is negotiated.

UNEMPLOYMENT INSURANCE COMMISSION—CIRCULAR LETTER NO. 19

Mr. Knowles:

1. Has a proposed circular letter No. 19 been sent by the unemployment insurance commission to (a) the regional advisory committees; (b) the local advisory committees?

2. If so, to how many of each of said committees was the said letter sent?

3. From how many (a) regional committees; (b) local committees, have replies to the said proposed circular letter been received?

4. How many of these replies from (a) regional committees; (b) local committees, constitute (i) approval; (ii) disapproval; (iii) otherwise, of the terms of the said proposed circular letter?

5. Will the criticisms of any regional or local committees be given consideration by the unemployment insurance commission before any circular letter No. 19 is officially distributed?

Mr. Harris (Grey-Bruce):

1. (a) Yes, (b) yes.

2. 5 regional committees and 67 local committees.

3. (a) 3 (2 committees asked for extension of date for reply), (b) 22.

4. (a) (i) 2 committees, (ii) 1 committee, (iii) 2 committees (those requesting extension), (b) (i) 19 committees, (ii) 3 committees, (iii) others will consider question at May meetings.

5. Yes.

TEXTILES—VALUE OF IMPORTED MATERIALS

Mr. Catherwood:

1. What was the value in dollars of all textiles and materials used in the manufacture of textiles, imported into Canada from all countries in the first four months of 1951?

2. What was the value in dollars of the same importations for the first four months of 1952?

Mr. McIlraith:

1 and 2.

Imports of fibres, textiles and textile products

Month	1951	1952
January	$45,343,888	$32,380,465
February	38,381,788	29,836,777
March	49,275,350	30,104,268
April	60,560,066	**

** not yet available.

Prisons and Reformatories Act

QUESTION PASSED AS ORDER FOR RETURN

COBOURG, ONT., ORDNANCE DEPOT

Mr. Fraser:

1. From what individual or individuals was the site of the proposed ordnance depot at Cobourg, Ontario, bought?
2. What is (a) the total acreage; (b) the price paid for each parcel of land, and to whom paid?
3. Were tenders called for the construction of this ordnance building?
4. If so (a) how many tenders were received; (b) what is the amount of the accepted tender?
5. Is the tender on a cost-plus basis?
6. If so, what is the estimated cost and terms of contract?
7. Does this amount also include cost of draining property?
8. If not, what is the estimated cost of draining same, and who pays for it?
9. How many running feet of concrete drain or sewer tile are being used, showing (a) different sizes of tile; (b) cost price laid down on the job of each type and size of concrete tile used?
10. Is any other type of drainage tile being used on this job? If so, what footage of each type?
11. What is the total length of storm drain being laid?
12. Is the concrete tile being laid on a concrete base? If so, what is the cost of this base?
13. Does the government pay extra for this work, or is it included in the contractor's tender for the ordnance building?
14. What is the estimated total cost of architect's fees for this building?
15. How much of the architect's fees, if any, has been paid to date?

MOTIONS FOR PAPERS

UNIVERSITIES—FEDERAL AID

Mr. Eudes:

For a copy of all correspondence and agreements between the government of Canada or any member thereof, and the conference of Canadian universities, and/or provincial authorities; also for a copy of all orders in council and regulations, relating to federal aid to universities, since June 30, 1951.

Mr. St. Laurent: Return tabled.

CANADIAN NATIONAL RAILWAYS—BY-LAWS PASSED IN VIRTUE OF CHAPTER 172 OF THE REVISED STATUTES OF CANADA

Mr. Pouliot:

For a copy of the by-laws passed by the board of directors of the Canadian National Railway Company in virtue of chapter 172 of the Revised Statutes of Canada, 1927.

He said: May I say one word please, Mr. Speaker?

(Translation):

Mr. Speaker, I would like to make a correction in the French version of this motion. The English text mentions "by-laws", while in the French text the word "statuts" is used. It is the word "règlements" which should have been used. I do not wish to have the statutes of the board of directors of the Canadian National Railways; what I am asking for is their by-laws.

[Mr. McIlraith.]

(Text):

Mr. Chevrier: I wonder if the hon. member would allow this motion to stand?

Motion stands.

NATIONAL DEFENCE

QUESTION AS TO AUTHORIZATION OF SEVEN-DAY WORK WEEK IN WESTERN COMMAND

On the orders of the day:

Mr. Carl O. Nickle (Calgary West): I wish to direct a question to the Minister of National Defence. Has the minister approved a western army command order for a seven-day work week placed in effect last Monday, under which all ranks of the Princess Patricia's based at Calgary have been required to move from their homes into barracks, these including many Korean war veterans who have already spent a year separated from their wives and families.

Hon. Brooke Claxton (Minister of National Defence): I have had no notice of the question, but I shall be glad to look into the matter.

PRISONS AND REFORMATORIES ACT

PROVISIONS WITH RESPECT TO TICKET OF LEAVE

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 63, to amend the Prisons and Reformatories Act.

Mr. Jean François Pouliot (Temiscouata): Before the motion is carried, Mr. Speaker, I should like to hear a statement from the minister about the rehabilitation of prisoners.

Mr. Garson: I do not think, Mr. Speaker, that I can state more comprehensively or succinctly the purpose of the bill than the manner in which it is set out in the explanatory note. As the hon. member for Temiscouata has just implied this bill will work towards the rehabilitation of prisoners.

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

On section 1—*Ticket of leave.*

Mr. Fleming: I have a question on section 1 of the bill. I am aware, of course, that the language of the proposed new section 159A quite closely parallels the language of the present section 107. May I ask the minister, as a matter of practice, what type of person is authorized by the minister, in that behalf, in the language of line 18—which is also in section 107 of the present act—to participate in the issuance of those licences.

Mr. Garson: I have not had any occasion to sign any such authorization within the last couple of years, but the whole process, which is one of actual remission, would be

handled in our remissions branch. The applications are so infrequent they would be pretty well on an ad hoc basis.

Mr. Fleming: How extensively has the licensing power been issued in the case of the Good Shepherd reformatory, say in the last year or two? Has the licensing power been quite extensively used?

Mr. Garson: Not very extensively. I have not the number of cases, but I can get that information for the hon. member.

Mr. Browne (St. John's West): I should like to ask a question or two about this inter-provincial home for young women. I take it that is a government institution?

Mr. Garson: It is an intergovernmental institution of the provinces of Nova Scotia, New Brunswick and Prince Edward Island.

Mr. Browne (St. John's West): Are there any other institutions besides the one mentioned in the bill to which this act will apply?

Mr. Garson: Oh, yes.

Mr. Browne (St. John's West): Is this the first alteration since the revised statutes of 1927?

Mr. Garson: There are no other institutions to which this particular bill will apply, but there are a number of other institutions to which the act which this bill amends applies.

Mr. Browne (St. John's West): The same principle?

Mr. Garson: The same principle.

Section agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPREME COURT ACT

AMENDMENT WITH RESPECT TO DATES OF SESSIONS

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 196, to amend the Supreme Court Act.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, there is one point that I would ask the Minister of Justice to clear up for the house on this short bill. Reference is made in the explanatory note to the fact that the amendment is made in pursuance of a recommendation made by the judges of the supreme court. May I ask if the recommendation or the request of the judges of the supreme court was for precisely the two changes which the bill provides for in the calendar of the court?

Mr. Speaker: Order. If the minister speaks now, he will close the debate.

Mr. Garson: Mr. Speaker, the answer to my hon. friend's question is yes.

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

Section 1 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

INTERPRETATION ACT

AMENDMENT WITH RESPECT TO REPORTS TO PARLIAMENT

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 197, to amend the Interpretation Act.

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

On section 1—*Reports to parliament.*

Mr. Fleming: Mr. Chairman, I was wondering what gave rise to this particular bill. One can easily see the object of it, but have there been any cases where the effect of the law as it stands at present would have required the tabling of any report at two sessions of parliament in the same year?

Mr. Garson: Yes. If my hon. friend will examine, for example, the Department of Insurance Act, 1932, chapter 45, section 9, he will find that it reads as follows:

> The minister shall lay before parliament within thirty days after the commencement of each session thereof the annual report of the superintendent made to the minister under the provisions of each of the acts specified in the schedule to this act.

A literal interpretation of that section would require, I think, an annual filing of the report in question and of all subsequent reports.

Another example is in the Penitentiary Act, 1939, chapter 6, section 14, which provides:

> The minister shall submit to the governor in council an annual report upon the penitentiaries, prisons and other institutions under his control, to be laid before both houses of parliament within the first twenty-one days of each session thereof . . .

These are just drafting errors which it is the purpose of this present bill to cure in all cases in which they have occurred. This bill will require the tabling, as I think was the intention of parliament, of each of these reports in one session, namely the session which takes place next after their preparation.

Mr. Fleming: Perhaps it is not unreasonable to observe that the matter out of which

this bill arises draws attention to the desirability of our not having any more second sessions in any year.

Mr. Knowles: May I ask the minister whether any other cases of need for amending the Interpretation Act have been brought to his attention? It is a long while since this act was amended. We at times run into experiences which make us wonder what certain words mean. Have any representations been made to the minister for amendments to clarify the meaning of some of the words defined in this act?

Mr. Garson: If by his question my hon. friend means to ask whether there are other statutes of Canada in which there are sections relating to the tabling of annual reports, similar to those which I have just quoted, the answer would be yes. The Royal Canadian Mounted Police Act, for example, contains another of such sections. But if by his question he means to ask whether other examples have been brought to my attention of other drafting errors in other statutes, the answer is no.

Mr. Knowles: That is not quite what I mean. What I meant was this. Are there in the Interpretation Act any definitions which have turned out to be ambiguous to such an extent that they have required amending or is this the only amendment that seems to be required in the Interpretation Act, out of current experience?

Mr. Garson: This is the only case which has been brought to my attention or of which I know at the present time.

Section agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

EXTRADITION

APPROVAL OF SUPPLEMENTARY CONVENTION BETWEEN UNITED STATES AND CANADA SIGNED ON OCTOBER 26, 1951

Hon. L. B. Pearson (Secretary of State for External Affairs) moved:

That it is expedient that the houses of parliament do approve the supplementary extradition convention between the United States of America and Canada, signed at Ottawa on October 26, 1951, amending the supplementary extradition convention between the United States of America and Her Britannic Majesty, signed at Washington on December 13, 1900, and that this house do approve the same.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I should like to make several brief comments on this extradition treaty. I have no doubt that it will receive general support in the house. Nevertheless I think there are two or three observations which may perhaps usefully be made.

Those who sat in the house in 1945 will not soon forget the extradition convention of that time which was submitted to this house for ratification and was then referred by the house to the standing committee on external affairs for study and review. In the committee that extradition convention was found to be one unworthy of the support of the house. The committee held extensive hearings during the course of which they heard many representations, all of them adverse to the convention.

The distinguishing feature of that particular extradition convention was a long list of extraditable offences which were created, which had no counterpart in the criminal law of Canada, and which would in effect have created, for the purpose of extradition to the United States, offences which were then not offences under the criminal law of Canada.

I think it is worth observing, sir, that the standing committee on external affairs at that time rendered an important public service in providing an opportunity for many persons and organizations interested in the subject to make their representations to a public body or organ of this House of Commons; and in arriving at the conclusion that the committee could not recommend the ratification of that convention I consider the committee also rendered an important and useful service.

Now, sir, the convention before the house at the present time is a very different-looking document from that of 1945. To that extent it is a substantial improvement. Actually it purports to introduce two amendments only in section 11 of the extradition convention between Canada and the United States of December 13, 1900. These two amendments, sir, do have counterparts in the criminal law of this country. We were assured in the committee that the proposed new section 11A of the convention has its counterpart in sections 404 and 444 of the Criminal Code, and the proposed new section 11B has its counterpart in section 209 of the Criminal Code.

Sir, there has been a good deal of publicity given to negotiations leading up to this convention; and it may not be amiss to point out the limitations on the scope of this convention. Considerable publicity has been given to the operation of certain Canadian stock salesmen who use the mails or the telegraph or the telephone in the course of their efforts to sell stocks to United States

buyers, and whose communications, in the course of those efforts, pass the international boundary.

I think there are some sections of the public who have come to the conclusion that this extradition convention will have the effect of making it an extraditable offence to convey certain forms of representations in connection with the sale of stock by Canadian salesmen speaking in Canada over the telephone to persons in the United States, or sending telegrams from Canadian points to persons resident in the United States. At its meeting on May 13, the committee on external affairs had an opportunity of clarifying the effect of this convention. And may I again point out, sir, that as in 1945, and as on a good many other occasions, the standing committee on external affairs has rendered an important and useful service in connection with this convention.

The matter was clarified to this extent that when Mr. Varcoe, the deputy minister of justice, was asked questions with reference to the limitations of the convention, the matter was summed up finally in this question and answer at page 283 of the proceedings of the committee on external affairs on May 13. I asked this question:

> It is quite clear that representations made across the border by someone in Canada by telephone, telegraph, radio or television would not be within the scope of this treaty and would not be an extraditable offence?
>
> Mr. Varcoe: I would think it would not.

And, sir, that answer, as well as answers given to other questions in the course of the hearing in the committee, make it quite clear that the only form in which misrepresentations become the occasion of the commission of an extraditable offence is when those communications are committed to the post office, and when the United States mails, in the course of transportation of those written communications, are used in the course of forwarding or delivery.

There is one other matter, sir, that did interest the committee, and it does interest a number of Canadian dealers in securities, who are carrying on a quite legitimate and proper business. I am sure hon. members are aware of the difficulties that have confronted a great many issues, oftentimes small issues, of Canadian securities at the hands of the securities exchange commission of the United States, whose standards are exceedingly rigid, and were written with regard to the fact that in the United States the securities business relates more—at least to a greater extent than in Canada—to the securities of established enterprises, and much less than in Canada to the securities of corporations and syndicates issued in the course of pioneer development work, or as we speak of it, enterprises involving the use of risk capital.

There has been under discussion for some time a proposal on the part of the securities exchange commission of the United States for easing its requirements with reference to small issues of stock which Canadian corporations may desire to market in the United States. The Minister of Justice (Mr. Garson), when appearing before the committee, very properly drew attention to this fact, and to the prospect held out of some alleviation for smaller Canadian stock issues proposed to be marketed in the United States of the very rigid requirements now imposed on all such issues by the securities exchange commission.

At page 286 of the proceedings the minister had this to say:

> Hon. Mr. Garson: Mr. Chairman, I do not want unduly to influence the decision of the committee at this stage, but I think that I should point out that the brokers who are in business of raising this money in Canada were rather interested in getting a short term of registration in the United States, and the chairman of the American Securities Commission giving evidence in the United States the other day concerning this supplementary extradition convention with Canada said:
>
> "I think the committee should be aware of the fact that the commission is giving consideration to providing some kind of short form registration for small Canadian offerings, and upon ratification of this treaty by both nations would probably proceed to do something along those lines."
>
> I think it would be very much in the interests of the investment industry here that this should be approved as soon as we can, and then they could proceed to get this short-form of registration which is so much desired by the investment fraternity in Canada.

I say, Mr. Speaker, that observation was very properly put before the committee by the Minister of Justice, and in further questions and answers the minister did give assurance to the committee that the government would make representations in this behalf in order that this desirable easing of the strict requirements of the securities exchange commission should be brought about in so far as the marketing of small issues of Canadian stocks and securities in the United States is concerned.

Sir, there is one final matter I should like to mention. It does not arise directly out of the terms of the convention; nevertheless I think it is a proper matter for comment in the discussion of this measure at the present stage.

There are some who, when hearing of sales of Canadian stocks to Americans, under conditions of high pressure, leap to the conclusion that there are many Canadians engaged in this nefarious form of the sale of securities, and who seek to put all, or at

least many, Canadians who are engaged in the securities business in the same category.

I wish to enter an emphatic protest against conclusions of that kind because, as you well know, Mr. Speaker, they are not warranted. Those engaged in Canada in the securities business are, in the overwhelming majority, people who are honest, and who are carrying on a perfectly legitimate and useful trade. Simply that there happen to be a few renegades, or high-pressure artists, is no reason whatever for heaping opprobrium and suspicion upon the great majority of those who are properly engaged in this very legitimate and necessary business.

And, sir, there is one aspect of the subject in which in the past the actions taken by certain American governmental officers have been highly improper. It is not unusual for Canadians in recent times to receive from officials of the American government or state governments, subpoenas delivered in Canada, if you please, to appear before commissions or officials in the United States, and to bring with them the books and records of Canadian corporations. Situations of that kind have been brought to the attention of the Secretary of State for External Affairs (Mr. Pearson). I know he has intervened in such cases, pointing out to the American authorities that their writ does not run in Canada, and that when officers of any American government, whether federal or state, undertake to issue orders to Canadians in Canada either to appear personally before American boards or commissions or to produce books and records in that country, they have no right to do so.

Think of the position in which Canadians have been placed by the issuance of such unauthorized orders and subpoenas, when they are served in Canada without any authority or warrant. When Canadians have chosen to ignore these unauthorized subpoenas and orders, as they are quite entitled to do, it has meant that if at any time in the future they enter the United States they have thereby rendered themselves subject to detention.

That has been a high-handed action on the part of many American governmental officers against which I think it is quite proper in this place to protest very strongly. It is not to be supposed that these subpoenas and orders have been issued simply in the case of Canadian salesmen who have been attempting to sell their securities by high-pressure methods. Far from it. In many cases these have been served upon Canadians only by registered mail, Canadians who are carrying on a perfectly legitimate business here in Canada, and without any offence under the laws of either Canada or the United States.

[Mr. Fleming.]

I hope Canadians will not be subjected to high-handed and unauthorized interference of this kind. It should be made clear to all American governmental authorities that the American writ does not run in Canada. The only writ that runs in Canada is the writ of Canada or of any province.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, as a witness who appeared before the committee on external affairs, I should like to deal with some points of law connected with this resolution, and to express my appreciation of the attitude shown by the hon. member who has just taken his seat, not only in the speech he has just delivered in this chamber but in the constructive analysis he made of the resolution when it was before the external affairs committee.

With the greater part of what he has said today, and what he said then, I find myself in agreement. I think it should be rather difficult to imagine any argument more convincing for the support of this resolution than the one he has just made. There are however one or two points he raised about which I should like to make a few observations, in order to complete the picture for those members who are not lawyers.

He has said that on previous occasions the effort of the United States government has been to secure an extradition treaty covering these matters, in which the principle of single criminality would be observed. That is to say, the United States government previously wished to extradite Canadian citizens from Canada to the United States to stand trial there for an offence which was a crime under American law but not under Canadian law.

Thanks to the stand taken by my colleague, the Secretary of State for External Affairs (Mr. Pearson), that position of the American government was resisted, with the result that we have here an extradition treaty in which the principle of double criminality has been strictly observed. Under this treaty no Canadian can be taken from Canada under an extradition order until application has been made under the treaty to a Canadian court, and until lawyers representing the United States government can convince that Canadian court that there is evidence establishing a prima facie case against such Canadian under the law in Canada which is analogous to the American law for an alleged breach of which the Canadian citizen would be tried if extradited to the United States. In that way a Canadian citizen has ample protection against being extradited, unless and until a Canadian court has first been satisfied that a prima facie case has been made out against him here.

When the Canadian citizen is extradited to the United States he can there be charged under the American analogue of the law in Canada under which the extradition application in the Canadian court was made. If he is found guilty, of course he has to bear punishment. If on the other hand he is acquitted there he must be released and cannot be charged in the United States for the breach of any other law of that country.

It can be seen from this that no legitimate businessman, who has not been guilty of an offence against the laws either of Canada or of the United States, stands in any appreciable jeopardy of being extradited under this treaty. Indeed the interests of all the legitimate investment dealers have been greatly served by the conclusion of this treaty because, as the hon. member for Eglinton (Mr. Fleming) said, one of the things which the legitimate businessmen in Canada have long desired in order to get American risk capital for investment in this country has been some method whereby it would be possible to put Canadian stock issues upon the market in the United States without going through the very expensive and cumbersome regulations of the securities exchange commission of that country.

The rule in that country is that the securities exchange commission have the discretionary power to exempt issues not exceeding $300,000 in any one year of United States companies provided that they complete the short form application only. That is a much more simple and economical method than having to comply with the very stringent regulations of the securities exchange commission. The position which the United States authorities have taken consistently up until the present time is that they are not desirous of extending the privilege of selling stock issues in that country under the short-form registration unless they are satisfied that they have available in their law in connection with the sale of such issues sanctions against fraud or other such forms of irregularity. As they put it, the existence of these broad sanctions is the premise upon which the grants of exemption from full compliance with their long-form regulations by the securities exchange commission is based. The securities exchange commission has taken the position in the United States in relation to domestic stock issues, and it takes the same position with regard to foreign stock issues, that under the law they could not properly extend exemptions to any situation where these sanctions against fraud did not exist. They obviously do not exist in the case of an offerer of stock residing in a country with which the United States does not have an extradition treaty with a reasonable fraud coverage. The United States contention has been that the fraud coverage which prevailed formerly under the treaty of 1900 was not sufficiently wide to cover them in the case of short-form issues.

It follows from that by a process of logic, which they have not attempted to deny or resist, that if such treaty should be agreed upon, and especially if the requisite sanctions against fraud could be made possible, the commission would give sympathetic consideration to such a request for a short-form registration, and would endeavour to work out for legitimate business in Canada a method by which they could have recourse to this short-form registration in the United States. This is a privilege which I think I am safe in saying is considered of great value by Canadian promoters and investment dealers.

The quotation which the hon. member for Eglinton referred to in his remarks of a few minutes ago as having been used by myself before our external affairs committee was from a statement by commissioner R. B. McEntire, of the securities exchange commission in the United States. He made the following statement in March of this year before the committee on foreign relations of the United States Senate:

> I think the committee should be aware of the fact that the commission is giving consideration to providing some kind of short-form registration for small Canadian offerings, and upon ratification of this treaty by both nations would probably proceed to do something along those lines.

It seems to me that this is going as far as any civil servant could go under the circumstances under which this statement was made. For these reasons, especially the ones which the hon. member for Eglinton has so eloquently put forward, I think it is distinctly in the interests of the legitimate businessmen of Canada and of Canada itself—it is against only the interests of fraudulent promoters and stock salesmen—that we should pass this resolution as soon as possible and thereby endeavour to secure this short-form registration privilege to which we attach considerable value.

Mr. Rodney Adamson (York West): Mr. Speaker, I want to say just a few words on this resolution. A rather extraordinary thing happened in the 1945 committee. The report throwing out the treaty was not introduced by the government, it was spoken to by myself. The objections to that treaty were four in number and I think it would be of interest to state at this time what those objections were and why that previous treaty was so unacceptable. I should like to quote from

my remarks as they appear on page 3711 of *Hansard* of December 17, 1945, as follows:

> Basically the principles which the treaty violated were these. First, it did away with the time-honoured and, I believe, historic principle of dual criminality.

And again:

> The second fundamental point which the committee felt was detrimental to the acceptance of this instrument was that the treaty by its various clauses greatly enlarged the offences for which extradition might be sought . . .

And again:

> The third reason—and this was an important one—was that we were not satisfied that the treaty and protocol as drawn were not *ultra vires* of this parliament with regard to the rights of property and civil rights as vested in the provinces under the British North America Act.

Finally:

> Then—and this is not a legal point; it is perhaps a physical point—we felt that the restrictive clauses which were mentioned in the treaty, subsections 26, 31, 32, article III, article IX and article XII, section 1 of the treaty, would definitely restrict the opening up of our great natural resources.

I went on to state the reasons why the treaty was thrown out. That treaty completely abrogated many of the sovereign rights of Canada. It was just about as bad a treaty as could be imagined. I think this instrument is acceptable because it overcomes these four cardinal sins, if I can so term them. As the Minister of Justice (Mr. Garson) has said, it opens up the possibility of short-form registration privileges being granted to Canadians.

I submit that that is most important. A normal prospectus under the S.E.C. may run anywhere from fifty to one hundred pages of small type and be so involved and so labyrinthine in character as to defy most lawyers getting to the bottom of its meaning. As a matter of fact, I have heard it said that they are made as complicated, as long and as involved as possible so that the actual facts can be submerged at times in a tidal wave of verbiage. They defeat their own ends.

I see no objection to this treaty. From what the minister has said, I think it will be of assistance to the legitimate Canadian businessman. First of all, a prima facie case must be made out that the law of Canada has been contravened and broken. Second, and this also is of great importance, if extradition is granted the person so extradited cannot be charged for any other offence. As a matter of fact that was one of the great dangers of the first instrument in that, if extradition was asked for, one state after another could then bring subsequent charges for other offences which might entail the ruination of the person so extradited or his incarceration for almost the rest of his natural life. Having said that, I believe that this is a step that should be taken. I think it will assist development in many ways. Many of our development companies start off in a very small way. There are chances of a small investment, particularly in the mining and oil fields, leading to very great profits, but that type of investment is of necessity hazardous and extremely speculative. Nevertheless it is an essential part of the economy of Canada, and to restrict it in any way would in my opinion seriously jeopardize the continued prosperity of our industry.

Motion agreed to.

TREATY OF PEACE (JAPAN) ACT

PROVISIONS FOR CARRYING TREATY INTO EFFECT

Hon. L. B. Pearson (Secretary of State for External Affairs) moved the second reading of Bill No. 210, to provide for carrying into effect the treaty of peace between Canada and Japan.

He said: Mr. Speaker, I made a short statement on this bill, its principles and its purposes, at the resolution stage. I do not think it is necessary for me to add anything now to what I said then. It is a bill, as its title implies, to authorize the government to take the necessary measures to implement the treaty which has already been ratified by the government. If second reading is given now it would be my suggestion that the bill be sent to the standing committee on external affairs where its clauses can be given detailed examination. Possibly some other questions which are not directly related to the bill could be discussed before that committee. On that understanding, and if it should commend itself to the house that the bill should go to the standing committee on external affairs, I do not propose to say anything more at this stage.

Mr. Gordon Graydon (Peel): Mr. Speaker, there is no particular reason why there should be an extended debate on the bill. It was arranged previously that after second reading it would be sent, as the minister indicated, to the standing committee on external affairs for consideration there. During discussions in the external affairs committee, and also in the debate in this house on a prior occasion relating to the treaty of peace and the protocol, I raised the question of having not only the provisions of Bill No. 210, which is now under consideration, sent to the committee for attention but also the treaty of peace and the protocol. I fancy that the bill now under debate will

not furnish as much meat for discussion in the committee as will the treaty and the protocol.

I am hopeful that when we give second reading to the bill it will be the understanding of the house that in the proceedings of the standing committee on external affairs the treaty, the protocol and the bill will be open for full discussion, and that at the appropriate meetings of the external affairs committee the minister will arrange to have witnesses available for examination who will be competent to give information with respect to various points which I imagine come to one's mind in connection with the Japanese treaty. There are matters of trade, immigration and so on that were mentioned in the previous debate. We are hopeful that they can be fully covered and that witnesses will be able to give such information to the committee as may be in the possession of the government. I do not think there is any point in debating the motion for second reading in view of the fact that the real discussion will take place in the external affairs committee.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we too appreciate the fact that this bill is to be referred to the standing committee on external affairs. We are also grateful for the suggestion of the minister that the terms of reference when the bill reaches that committee may actually be wider than the bill itself. Even so, and even though it seems generally agreed that there is no need for an extended debate at this time, would the Secretary of State for External Affairs (Mr. Pearson) avail himself of the opportunity to close the debate and in so doing answer one question that I should like to put to him.

When the Secretary of State for External Affairs spoke at the resolution stage he indicated the constitutional position that makes necessary a bill like this, and in particular gave us the contrast between our position in Canada and that of the United States. In other words, the bill simply gives to the government, or technically speaking the governor in council, the power to do anything that is necessary arising out of the treaty, and also the power to provide for penalties for any infractions of any regulations made by the governor in council on that basis. Could the minister indicate to us, if he chooses to reply at the end of this debate, any examples of the kind of regulations that might have to be made? Likewise, could he give us any examples of the things that might be infringed and lead to penalties of one kind or another as provided in the bill?

Mr. Solon E. Low (Peace River): Mr. Speaker, I have a number of questions in my mind about the bill, particularly sections 3 and 4. However, since the minister has indicated that the bill will be submitted to the standing committee on external affairs for more detailed study, I will leave those questions until the bill is before the standing committee. I should like to join with others in expressing the hope that the terms of reference will be wide enough to permit some examination of the protocol and the treaty. As a matter of fact I am quite certain that, when we get before the committee, members will find it difficult to confine themselves strictly to a discussion of the terms of the bill. I am sure they will find themselves referring at different stages to the treaty and the various things that arise out of it. I should like to have some assurance from the minister that the terms of reference will be fairly wide. Our experience in external affairs has been, I think, quite a happy and profitable one. In my judgment it would not aid to confine the discussion on a bill such as this to such a narrow orbit that we would not have the same happy and profitable discussion in the committee.

Mr. Speaker: If the minister speaks now, he will close the debate.

Hon. L. B. Pearson (Secretary of State for External Affairs): I should like to deal very briefly with one or two of the points that have been raised. Of course, it is our understanding that there should be a fairly wide discussion of this whole question in the standing committee. I do not believe there will be any effort on anyone's part to restrict the discussion to the terms of this particular bill, because when we discussed these matters in the standing committee before, it was understood that there would be an occasion for a further examination of the treaty of peace, even though the treaty had already been ratified. At that time there was need for speedy action in order to bring the treaty into effect, and that was appreciated by the members of the committee. It was also understood by them that there would be an opportunity for further discussion. If it is submitted to the committee, this bill will provide that opportunity.

The hon. member for Winnipeg North Centre (Mr. Knowles) asked me if I could indicate generally the kind of regulation which might be issued under this enabling legislation. He mentioned the question of penalties. We will have at the committee meetings, Mr. Speaker, legal, economic and other experts who will be able to go into this in considerable detail. Provision for penalties

has been embodied in the legislation in case penalties may be required. But up to the present, for instance under the analogous legislation implementing the treaties of peace with Italy and certain other countries which was passed a couple of years ago, it has been found necessary to issue only two orders in council and no penalties have been required in the light of those orders in council. However, as this bill is designed to make effective upon Canadian nationals certain obligations contracted by the government of Canada and approved in due course, I hope, by the parliament of Canada, it is usual in such cases to provide for a penalty clause against emergencies.

As to the type of regulation which may be required, I might give two examples which would indicate to the hon. member what may be necessary under the treaty of peace with Japan. Article 14(a) of the peace treaty, for instance, exempts certain property from the general provision mentioned in an earlier part of the treaty, that all Japanese property should be turned over to the Canadian government and could be utilized for the payment of compensation. Exempted from that clause is certain diplomatic property. Regulations may be required to make that exemption effective in our domestic legislation. This bill to implement the peace treaty may, in effect, bind Canadians, and for that purpose certain orders in council may be required.

To take another example this time from the treaty of peace with Italy, a lump sum settlement was negotiated to clear up all our claims against Italy and all Italian claims against us. Order in council P.C. 5818 of November 6, 1951, was issued under the Treaties of Peace (Italy, Roumania, Hungary and Finland) Act of 1948 and it was known as the "war claims (Italy) settlement regulations". It contained a provision by which the payment to Canada by Italy of the agreed lump sum constituted satisfaction by Italy of its obligations to Canada and to Canadian nationals. The effect of this provision would be to prevent a Canadian from suing in a Canadian court to recover a war claim. A similar kind of regulation may, in the future, be required under this proposed legislation if it becomes effective. That is the type of thing that may be done under an order in council, and when this matter is discussed before the standing committee on external affairs, other detailed examples can be given by the experts who will be present.

Mr. Low: Perhaps the minister could answer this question. I presume that at no time are regulations passed by order in council which would not be ordinarily enforceable within the country?

Mr. Pearson: No. No such regulations could be passed, nor could such regulations be passed under this act as would infringe on provincial jurisdiction, for instance. This bill is no assertion of a constitutional principle of any kind. It is merely the authority from parliament to the government to do by order in council certain things which parliament might do by specific legislation if it so desired.

Mr. Knowles: There would have to be a basis for any such regulation in the treaty of peace?

Mr. Pearson: In the treaty itself, that is right.

Motion agreed to, bill read the second time and referred to the standing committee on external affairs.

GENOCIDE

APPROVAL OF CONVENTION SIGNED BY CANADA ON NOVEMBER 28, 1949

Hon. L. B. Pearson (Secretary of State for External Affairs) moved:

That it is expedient that the houses of parliament approve the ratification by Canada of the convention on the prevention and punishment of the crime of genocide as signed by Canada on November 28, 1949, and that this house do approve the same.

Mr. Alistair Stewart (Winnipeg North): I should like to say a few words about this resolution. It is much too important to let pass without some comment. Here is an attempt to have the conscience of the world express itself through law. We should remember that it is only an attempt, and nothing more. There are no teeth in this legislation by which we could make it operative, but at least it is a start to something better. There are those who profess to scorn attempts such as this which they say are merely gestures. But a gesture perhaps has its importance in the world today. Furthermore what is looked upon as merely illegal can eventually become immoral.

I remember reading in history of the situation which prevailed in the United Kingdom over a hundred years ago when it was regarded as right and proper that women and children should work for ten and twelve hours a day in the coal mines. Some people were horrified at what was happening. Eventually legislation was passed prohibiting this practice. It was then illegal, and has now become immoral as well as illegal. In time I hope that the intent of this resolution

will be accepted throughout the whole world, and be just as illegal as it is immoral. There can be no question at all that the people of this country support the resolution. This I would say is especially true of one particular group, organized labour, for genocide has not been practised only against people of certain religious views or certain ethnic groups. It has been practiced against social groups, and modern history relates that the working class groups in Europe have suffered under this form of mass murder.

The ratification of the resolution will mean that the crime of genocide is always before us. That is a good thing, for our memories are short. I wonder how many of even my generation remember the crimes which were perpetrated at the beginning of the century against the Armenians. Most of us have forgotten them. I wonder how many remember the crimes which were perpetrated against the Ukrainian people in soviet Russia in the early thirties when, through deliberate policy of the men in the Kremlin, millions of Ukrainians were exterminated in what the Russians conceived to be their national interest. I have heard the number put as low as 6 million and I have heard it placed as high as 15 million; but I think at least 8 million Ukrainians were exterminated in the early part of the thirties. That was a crime which was not perhaps internationally illegal then but which we now hope to make illegal.

We remember, after the war, when tens of thousands of Poles and Lithuanians were exterminated, again as acts of policy on the part of the Russians. We remember what happened to the Sudeten Germans as a group. I think the world particularly remembers the horrors which happened to the Jewish people under nazi Germany when some 6 or 7 million of them were exterminated, again in the name of national policy.

The question, however, is whether the next generation will remember these horrible things. Many of them will forget; but I am certain that in my constituency they will remember, for 50 per cent of the people whom I represent have been affected or afflicted in one way or another by this wretched crime of genocide. Not only does genocide destroy bodies but, what is just as bad, it can destroy minds. If it can destroy minds, it can destroy cultures; and wherever a culture is lost to the world, to that extent all of us are impoverished.

Even though this legislation be nothing more than a pious aspiration just now, nevertheless in the long run, as it becomes accepted, we can hope that it will raise general standards throughout the world; for today—and this applies not only to those who are behind the iron curtain—there are groups so harassed that they can think only of survival. They have time to think of nothing else. If we can make this resolution become operative throughout the world, these groups will be given some security so they can devote their energies to building up a better life.

We are glad to have before us this resolution to ratify the convention. We are glad to see it ratified, but ratification by 32 nations, Mr. Speaker, is not enough. It must be ratified by all countries in the world and I should like to see it done—although at the moment it is impossible—without any reservation whatsoever. Meanwhile those who refuse to ratify this convention must stand condemned by the world.

Mr. Gordon Graydon (Peel): Mr. Speaker, this resolution is one that received considerable attention in the external affairs committee a few days ago. One of the members of the official opposition, the hon. member for Winnipeg South Centre (Mr. Churchill), has given a great deal of close and sympathetic attention and study to this convention on the prevention and punishment of the crime of genocide. I greatly regret that he had to leave Ottawa last night on extremely urgent public business, in order to go somewhere in the vicinity of Oshawa.

An hon. Member: Where?

Mr. Graydon: Perhaps some may think the business was made more urgent by the fact that the minister himself has not been here for the last couple of days. I hope neither one of them has been engaged in anything that indicates a question of political genocide. In any event, I wanted to indicate to the minister why I am taking the part I am taking in connection with this debate today.

I have followed closely the discussions in the external affairs committee, and I think everyone has been of the opinion that Canada, in becoming a signatory to the convention on genocide, found herself in the position of agreeing to something which was, in a sense, half a loaf rather than a whole one. I think we all realize that even though we ratify the convention on genocide, it goes only part way in executing what Canadians generally would like to see accomplished and achieved in this matter.

I suppose there is no other country in the world whose people are more quickly outraged by news of this kind of mass extermination of groups. It is so foreign to the Canadian way of thinking that perhaps we are apt sometimes to look at it from afar. But there are in Canada many people whose relatives have suffered under this kind of persecution. Even though the convention does not go

nearly as far as Canadians would like to see it go, so far as its effect is concerned, I think it would have been a great mistake if Canada had not taken her stand. I think that we in Canada were wise, both at the United Nations and also here in the external affairs committee, to take our stand against this kind of international outlawry and try to do our part as best we can to establish some measure of law, order and simple justice for people the world over.

That is one of the reasons we support this convention. It is not as effective as it might be. As members of the house and of the external affairs committee will agree, it has grave limitations. Nevertheless it at least provides a moral if not a legal sanction with respect to this type of injustice wherever it occurs. I should like, however, to point out that with respect to the ratification of this convention, as was mentioned by the hon. member for Winnipeg North (Mr. Stewart) a moment ago, only some 32 out of the 60 members of the United Nations have endorsed it so far as their parliaments are concerned, or have signed the convention itself.

Strangely enough, the three so-called leading powers in the world have not so far become actual ratifying parties to the convention. The United States congress has not yet come to any conclusion with respect to this convention. There have been debates there of a rather extensive nature in connection with it, but so far the ratification has not been completed. In addition to that, the United Kingdom has not only not ratified the convention, but has not become a signatory to it. Then there is the further fact that the soviet Union—as one perhaps might now be led to expect in matters of this kind—in ratifying and signing the convention put in so many joker clauses by way of exempting their country from its operation that it is not of great importance so far as that nation is concerned today. It seems to me that behind the iron curtain is perhaps the very place where we need this law applied, and the iron curtain countries evidently have taken the position that they are going to have so many reservations in the convention that it will not matter a great deal to them whether it is law or not. That is not a very satisfactory arrangement from Canada's point of view. It is a disappointing situation because surely we have gone far enough in our thinking and in our actions that all the nations of the world ought to be able at least to come to one conclusion, namely that it is wrong and unjust for this kind of international crime to go unpunished, as it apparently has in the past.

[Mr. Graydon.]

It sometimes makes one despair of world opinion when he realizes that we seem to be able to go only such a short way in trying to rid the world of such a menace as this. However, in the committee on external affairs the hon. member for Winnipeg South Centre (Mr. Churchill) entered into a discussion with other hon. members and with the parliamentary assistant to the Secretary of State for External Affairs. At that time I understood a point had been reached in connection with that part of the convention which, in defining what genocide means in subsection (b) of article II, mentions causing bodily or mental harm to members of a group, where some question arose with respect to the words "mental harm." I understood that was a matter which had engaged the attention not only of the United States congress but of some other nations as well, because of the varying degrees of interpretation which have been placed upon these words.

Perhaps there is no great reason why we should not ratify it even with those words in it, but I would ask the minister, when he closes this debate, to take into consideration such undertaking as the parliamentary assistant gave in the committee so it will be made clear to parliament and to the world just what the Canadian parliament means when it endorses the convention with these two words included in it.

I have no very strong feelings myself with regard to the inclusion of those words. In my mind it is only a question of how we can make the most effective and workable convention and have it ratified by this parliament, so it will go forward to the world as a message that after all the Canadian people are taking this means, perhaps a feeble one, but nevertheless the only means that seems to be at hand at the moment, to tell the world that this country is shocked, startled and concerned over crimes of this kind which have been perpetrated in the past, and that it is not going to stand for any repetition in the days that lie ahead.

Mr. David A. Croll (Spadina): Mr. Speaker, I am particularly glad of the opportunity which is presented here for me to discuss the genocide convention, which I consider of great importance. I feel sure the house will unanimously endorse the convention. The world now and then requires reminders of acts which it would rather forget. The memory of man being what it is, it is necessary from time to time to repeat some vital matters that perhaps would better be left unsaid.

This convention on genocide strikes at the very root of the problem which is facing the world today. It is a problem bound up not only with the interests of persons but

with the interests of groups throughout the length and breadth of the world, those who hold different religious views and different political points of view. It is particularly bound up with the possibility of peace throughout the world.

The United Nations, which exists for the specific purpose of trying to get the nations of the world to iron out their difficulties is, in my opinion, one of the most effective methods of eventually destroying the possibility of war. The general assembly of the United Nations on December 9, 1948, adopted a convention to outlaw genocide. That convention was accepted unanimously.

Genocide is mass murder. It is a modern name for an old crime. It means the destruction of whole groups of people just because they belong to particular groups. The group may be radical or national, or it may be religious. It may be a particular ethnical or racial group. The destruction may take various forms. Genocide has destroyed some 20 million persons in the last fifty years. I quote these figures with great humility. In the first half of the twentieth century alone the crime of genocide was perpetrated against the following human groups: Armenians, 10,000 at the turn of the century; Jews, several hundred thousand in 1902 and 1905 in Russia and in other European countries; Armenians, 1,200,000 in 1915 and 1916; Greeks, about 500,000 in Smyrna in 1922; Ukrainians, millions of them since the occupation of their territory by the Soviet; Jews, under the nazis, 6 million; Serbs, 800,000 in the so-called independent state of Croatia; Poles, 3 million since 1939; Lithuanians, 600,000 since 1941 and still continuing; Latvians, 400,000 since 1941 and still continuing; Estonians, between a quarter and a third of the entire population since 1941 and still continuing.

I am not going to read the rest. You have a fair idea of what the record indicates has happened almost within our own lifetime. In modern days the nazis developed their technique which was use particularly against racial and religious groups, the Jews, and against the national linguistic group, the Poles.

The crime of genocide is not new; it has been practised under different names since the destruction of Carthage by the Romans. Throughout the middle ages there were the Jewish pogroms, the mass killings in various countries of Europe. In the last century, the mass killings of Armenians and again in this century the persecution of the Armenians in the Ottoman empire were horrible examples.

Individuals, groups, yes, nations, and Canada amongst them, were often aroused to protest against these massacres, but nothing more was done about it. It was the systematic brutalities practised by the nazis that shocked the conscience of the twentieth century. The twentieth century conscience refused to accept the dictum that the horrible atrocities they committed on these people were matters within domestic jurisdiction. So the world decided to concern itself. It was recognized at Nuremberg that there were crimes against humanity, that these crimes must be punished by law, and they were so punished. It is true that at Nuremberg those charged and convicted were tried on a basis of retroactive law. There was no law in existence which specifically covered these crimes. I believe the world is still firmly of the opinion that no injustice was done at that time.

It became clear that international law would have to be developed to deal with the international crime of genocide. There are already examples of laws for dealing with certain international crimes: Slave trade, illegal production and trade in narcotics, piracy, trade in women and children. International conventions have been signed on these crimes, and anyone guilty of them can be tried and punished not only in his own country but in whatever country he escapes to, provided that country has adhered to the convention. This convention is merely extending an international convention to genocide.

We in this country have a long and distinguished record for being in the forefront of humanitarian efforts. Canada was one of those countries that officially protested against the treatment of the Jews and others by the nazis. Right Hon. R. B. Bennett, as he was then known, was the prime minister who boldly and courageously spoke for Canada in words that rang throughout the world as a clarion call for freedom and justice when he protested against the treatment the nazis were dealing out to these people. It follows that the prevention of genocide is in line with the overwhelming opinion and feeling of the people of Canada. It has great and deep appeal to many of our minority groups.

I speak with some knowledge. I have seen some of the things with which this convention deals. I have seen the victims of these happenings. I have met and known men and women whose whole families have been sent to the gas chambers and who have seen them tortured and afflicted. I have seen the gas chambers. That kind of thing we cannot tolerate.

I recall the first time I saw a gas chamber. I wondered what it was, but I soon found out. Today, years later, I still shudder as

I recall vividly those gas chambers. It was a horrifying experience long remembered which burns and sears the memory. It was in the early days of 1945, when we were moving across Europe rather quickly, with the Germans in retreat. I remember the first camp in which there was a gas chamber. I recall particularly the meticulous records the nazis kept. Nothing was left to chance. Nothing was hidden. The records were perfect. On one side of the ledger the heading was Juden; on the other side were inscribed other unfortunate persons of all nationalities. The side of the ledger headed Juden was by far the largest. But there were far too many on the other side, also.

So I am particularly happy today to know that this House of Commons will make a decision, which I have already indicated in my opinion will be unanimous, to endorse this convention, which is in keeping with our position as one of the leaders of the middle nations. We are giving leadership, as the hon. member for Peel (Mr. Graydon) has pointed out, both to the United States and the United Kingdom, neither of which has yet ratified the convention, though neither is ever likely to be charged with the offence of genocide. Sometimes even that is doubtful, in view of the germ charges made by the communists and their stooges, which are false, dishonest and even worse than that. But it indicates that these matters have an importance beyond their immediate perspective.

This genocide convention is a step against jungle law. It is a recognition of the wrongs which have been inflicted on helpless people. It is a proclamation that the rights of man do not belong to the strong alone, or to the privileged few. For that reason this document or any other document cannot compensate for the loss suffered, not merely by the innocent victims but by the world.

We are all responsible in some measure for the terrible persecutions of our time, which I indicated to the house a few moments ago. Those of us who stand by and permit these crimes to be committed cannot escape some portion of the guilt. So this genocide convention today is an admission and a recognition by us of our responsibility, and our solemn pledge that the sins of the past will not be allowed to repeat themselves. At the same time we must keep one inescapable fact in mind: No country and no association of countries can guarantee international law and morality by means of a convention alone. As we well know, the last thirty years are strewn with the remains of burned-out and abandoned treaties and conventions. They were framed in a spirit of the highest idealism. By means of them the free nations sought to hold in check the black flood of barbarism which threatened, as it does today, to engulf the world.

The nations failed twice in our lifetime to restrain naked force by peaceful means. We learned, to our bitter loss, that a nation which signs a convention can also repudiate it. That is why we cannot let this genocide convention, or any international convention, lull us into a false sense of security. It is not an insurance policy against the future. And yet it can be a real weight to throw into the moral balance of the world. It carries the seeds of a new order for humanity. But those seeds may be barren, unless the free nations cultivate the ground for them.

I think the house has been told on another occasion that the free world has not been sleeping since 1945. Step by step we are building what may yet emerge as a new social order in the international sphere. Let me remind the house of UNRRA, the United Nations, the Marshall plan, ERP, NATO, the Colombo plan, and today the genocide convention. All these are steps along the road to international justice and morality.

I agree with those people who say we cannot impose democracy and liberty upon the beaten and backward nations of the world. We must first build them up to our level economically and socially. We must continue to strike at the causes of injustice, so that in time a convention like this should not be necessary.

In the light of past and present history it can be stated that this convention has been overdue for centuries. The genocide convention is now law-binding upon all nations that ratify the convention. It signifies humanity's determination once and for all to substitute the law of civilized society for that of the jungle.

I am happy to join with the house in endorsing this convention. We are thus giving leadership to those nations with whom we are usually associated in matters such as this. I pay tribute to the minister of external affairs for his efforts at the United Nations and his persistence and insistence that this government and this parliament ratify this convention.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the hon. member for Winnipeg North (Mr. Stewart) has already indicated the heartfelt support which we accord to this motion for the adoption of the convention for the prevention of the crime of genocide. This is an occasion of really great importance in the history of mankind as we endeavour to move forward from what the hon. member for Spadina (Mr. Croll) referred

to as the law of the jungle to the light of full civilization. With the hon. member for Spadina we all hope the day will come when conventions like this may no longer be necessary, but we all recognize that by agreeing to a convention like this we are helping to sharpen the conscience of the world against what is referred to as the crime of genocide.

One of the reasons I felt I should like to say a few words at this time is that some of us feel that we must concern ourselves not only with the overt crime of genocide, against which we stand in all its forms; we should also take a stand at every possible opportunity against certain other practices which are inconsistent with a stand against the crime of genocide but which can be just as injurious and serious to the groups affected.

The definition of the crime of genocide in the convention we are now given the opportunity to endorse includes not only the overt destruction of racial and other groups as such, but any action injurious to a group or to a section of a group, or calculated to bring mental harm to any such group. I am reminded on this occasion of the words well known to all of us in the sermon on the mount. We remember how the Master suggested that the commandment of old, thou shalt not kill, did not mean in His view that people should only refrain from the overt act of murder; it meant that they should also refrain from hating their brothers or being angry with them in ways equally harmful. So I suggest that when things happen in other countries which we do not like, for example in South Africa today, and against which we might feel very strongly, we should feel equally strongly about any act of discrimination against any groups within our own country.

We need not go into the details of the form and type of discrimination that still takes place. I listened, as the house did, to the sad story given by the hon. member for Spadina and the many blots there have been on the story of mankind. The incidents he mentioned stand out and horrify us, whether they come from ancient times or from the days of the nazis. I hope this attempt to sharpen the conscience of the world, this attempt to sharpen our own conscience, will make us all feel equally sad at the realization that there are forms of discrimination against various groups, ethnic, racial, religious, social and economic, still being practised within our own country.

We who support and vote for this convention today, if we are to be consistent with our vote, should take a stand at every opportunity against discrimination of any kind. If we are to see the day, if we are to have fulfilled that hope expressed by the previous speaker, when a convention like this may no longer be necessary, it is not only necessary that there be progress toward that ideal in other parts of the world; it is necessary that progress be made toward that same ideal in our own country.

I rose simply to express once again our wholehearted approval of this motion for the ratification of the convention to prevent the crime of genocide, and to express at the same time the hope that we will take all the steps we can in this country to do away with the forms of discrimination that still exist against various minorities and groups within our land.

Mr. L. D. Crestohl (Cartier): Mr. Speaker, knowing the temperament of this parliament and of the Canadian people at large, I am not surprised to hear from every section of the house that there is unanimity of opinion in connection with the resolution submitted by the Secretary of State for External Affairs (Mr. Pearson) for the ratification of the genocide convention. This resolution not only merits but calls for our every consideration because there are still clouds on the international horizon that threaten to create explosive situations which will produce horrible cases of mass killings which under the definition of the convention would be genocide.

Some countries unfortunately are still actively obsessed with a lust for power and domination. Other countries flagrantly ignore all human considerations and international regulations. Not only are they encouraging conditions which will produce genocide in the future, but they are actually committing the crime of genocide almost continuously. These conditions no doubt press upon the conscience of the free and peace-loving peoples of the world, the urgency to address themselves vigorously to safeguarding the common objectives, not only to prevent genocide but to help to make this world a better place in which to live.

The proposed legislation in my humble opinion is a definite step forward in that direction and will no doubt be unanimously approved by this parliament. We will then, Mr. Speaker, be able to take great pride in the fact that, in this, as well as in other similar international proposals, our country will be in the vanguard in setting an example for the rest of the world to follow.

It is perhaps necessary that in considering this legislation we should examine for a few moments the comparatively new expression not heretofore commonly known to the general

public, but which is now referred to as the crime of genocide, so we may better grasp the full significance and importance of ratifying this convention.

The term "genocide", originating as it does from two Latin words, means simply "the destruction of a group of people for no other reason than the fact that they belong to that particular group", which fact has already been so ably mentioned by the hon. member for Spadina (Mr. Croll). The definition itself is found in article II of the convention. It reads:

> In the present convention genocide means any of the following acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group as such:
>
> (a) killing members of the group;
>
> (b) causing serious bodily or mental harm to members of the group;
>
> (c) deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part;
>
> (d) imposing measures intended to prevent births within the group;
>
> (e) forcibly transferring children of the group to another group.

The diabolic reason for the slaughter may be a fanatical surge of racial, national or religious emotions; or it may be purely political; or it may be for reasons wholly unknown; or, as in most cases, it is committed without any reason whatsoever. The destruction may take the form of massacres, mass executions, starvation, restricting the birth rate, sterilization, segregation of the sexes, or the destruction of special characteristics of the group by various means.

That, Mr. Speaker, is the summarized and simple meaning of genocide; and the convention, by its own language in the preamble, "seeks to liberate mankind from this odious scourge."

As I had occasion to say during a previous debate in the house, the crime of genocide, although not known by that name, is not new in world history. Long before Carthage was destroyed by the Romans the crime of genocide had been committed. The Pharaohs of Egypt were wantonly guilty of the crime. The Roman destruction of religious groups in the lions' arena is a poignant and painful example of genocide. The Spanish inquisition, the massacre of St. Bartholomew's day, are examples of a crime which long should have been outlawed.

This horrible crime was committed not only in ancient days, or during the middle ages, as has been so fully described, but what is very sad is the fact that the crime has been frequently committed during our own lifetime. Many of our contemporaries witnessed the wanton massacres of the Armenians by the Ottoman empire on several occasions and the massacre of Christian Assyrians in Iraq, as well as the long list of victims already mentioned. More recently, we have witnessed the Ethiopian massacres by Mussolini, the Chinese massacres by Japan and the Jewish massacres by the nazis. Acts such as these throughout the centuries have left black pages in our history books. We search the records in vain for some action by world leadership to prevent the commission of acts of genocide or to punish the guilty.

It is of record, though, that not only in the past, but even quite recently, civilized peoples did not altogether condone the brutalities of those guilty of genocide. They never failed piously to utter protests, hold some meetings, offer some prayers, and a few foreign governments even showed some courage by sending diplomatic notes. Nothing more direct or more vigorous was ever done.

Under the guise of its being a matter of domestic jurisdiction, these crimes were repeatedly committed while civilization stood aghast and shouted "shame", but unfortunately did nothing more.

Human beings are normally disturbed by a calamity in which one or more persons are killed. The degree of shock and distress is increasingly accentuated by the number of fellow human beings who are accidentally killed. Imagine, therefore, Mr. Speaker, the frightful shudder that goes through a person when he hears of wanton mass murder involving over ten million innocent victims. It is no secret, and it has already been mentioned several times today in the house, that modern civilization cringes in shame when we hear of crematoria, mass graves, gas chambers and other such hideous implements of murder.

The studied, scientific and systematic brutalities of the nazis shocked the conscience of the twentieth century. It required an upheaval such as this, almost a volcanic violation of human sensibilities, to shake and shame the decent world into seeking means more vigorous than gasps, vocal protests and pious diplomatic notes, to prevent the commission of such crimes in the future. Is it, therefore, not a natural consequence that modern civilization should press for the creation of international machinery to prevent a repetition of these acts? The genocide convention is for the time being a partial answer to this anguished demand.

It is in my humble opinion not merely the product of international statesmen or the wisdom of their cool and calculated thinking. It is rather an outcry from the grass root level of human beings whose emotions have been violated and are not tempered by delicate, legal, diplomatic or international niceties.

The call for a genocide convention is urgently being pressed for and supported by the most important religious, labour, veteran and civic groups in the leading countries of the world. In the United States, for example, the convention is being pleaded for and supported by every humanitarian organization in the country. I have before me a list of over sixty of these international organizations, the most recognized and most important in the country. To indicate the types of these organizations I should like to mention only a few. They are: the national conference of Christians and Jews, the Catholic association for international peace, the federated council of churches of Christ in America, the American Federation of Labour, the congress of industrial organizations, the American Legion, the world Jewish congress, the American veterans' committee, the general federation of women's clubs, the young women's Christian associations of America, the Catholic association for international peace and countless others.

In our own country, and in other countries, similar groups have likewise urged the adoption and the ratification of the genocide convention. It is today a universal outcry, and at long last it is being seriously dealt with.

The theory of non-intervention in a matter of so-called domestic jurisdiction, Mr. Speaker, to which I referred a few moments ago, is no longer tenable with respect to crimes which are universally acknowledged as inhuman and immoral, and this notwithstanding the fact that traditionally criminal law has been considered as an expression of the right of a state to define and punish acts, which in its judgment are contrary to public order within its borders. International law of modern times has recognized certain crimes which it declared to be international, and regards them as directed against public order not of any one given country, but as against public order of the entire family of nations. The crime of piracy, for example, the crime of international slave trade, the illegal production of and trade in narcotics, white slavery and similar crimes belong to that category. These are the subject matter of various charters, conventions, treaties and pacts under the United Nations Organization, and are governed by international law.

Within the past number of years we have been forcibly reminded by the Nuremberg judgments that to this category of international crimes also belong war crimes and crimes against humanity. Consequently, Mr. Speaker, with the advance of civilization, the crime of genocide should be similarly classified and outlawed. Our country should, of course, be amongst the first to support this view.

Someone once very appropriately said that important lessons are frequently learned from great sacrifices. Martyrdom in history is perhaps the most formidable example we have to prove that the sacrifices of these saintly men and women helped pave the road for the creation and preservation of those principles that civilization holds dear today. Men and women were burned at the stake, tortured to death, and gave up their lives rather than swerve from their beliefs and their convictions. We have indeed learned great lessons from them.

I should like to refer for a few moments to sacrifices made to a degree heretofore unheard of in the annals of history, and which were not made in the dim past but during the past two decades, in our own lifetime. Let us see, Mr. Speaker, what lessons, if any, we have learned from these sacrifices, whether millions will have died in vain without contemporary history having reaped any lessons from these sacrifices.

Before and after 1939 the democratic countries witnessed the commission of the crime of genocide both in Ethiopia by Mussolini and in Germany by Hitler. Civilization stood idly by. Perhaps it gasped in sympathy; nevertheless I repeat it stood idly by. This should never occur again. If, for example, the nations of the world had seriously warned Mussolini or Hitler that what they were doing would be internationally challenged, and their countries would be isolated from the rest of the world by the imposition of international sanctions, we might not only have prevented the most flagrant case of genocide in history but we might have been able to avert world war II. What the world suffered for not doing so could almost, in the judgment of devout believers, be a lesson in retribution.

If, for example, sanctions had been threatened and effectively imposed between 1934 and 1939, the world would have known where dictatorships were going. In my judgment it is doubtful whether, with the complete isolation of these bandits early enough in their careers of crime, they would have been able to secure the materials and supplies to create their weapons for conquest, which they were otherwise able to build up between 1934 and 1939.

It is therefore my respectful submission, Mr. Speaker, that the convention should go further than it does. By its present terms it threatens trial and punishment of the guilty, but refers rather weakly in article VII to the possibility of arresting the commission of the crimes once they are commenced. By

the time the perpetrators can be brought to trial, it may be too late. Some vigorous provisions should be included which would prevent the commission of the crimes or stop them once they are started.

The security council of the United Nations, which is continually in session, should most cautiously scrutinize every act or manoeuvre which might lead to the suspicion that genocide is being committed or is about to be committed. They should be given adequate power and authority to call for an immediate cessation of those acts which may lead to, or in fact may be, genocide. Moreover the council should be given express authority, without the necessity of waiting for a meeting of the plenary session of the general assembly, to threaten effective international sanctions if their directives and orders are disobeyed. This would be a direct attempt to prevent acts of genocide, and to arrest them if started.

I respectfully urge our representatives to the United Nations to deal with this matter just as soon as the appropriate opportunity presents itself. Such action would be consistent with our country's views in matters of this kind and would, I am certain, be hailed by all the freedom-loving peoples of the world.

The United Nations has, for example, an opportunity today to prevent the crime of genocide which is being committed in several countries. During the past twenty-four months Iraq has been, and is now, in the process of committing acts which are genocide under the interpretation of the convention. Dangerous indications appear in a number of other countries, and unless the United Nations Organization takes the situation firmly in hand, acts of mass murder by violence or by means set forth in the definition of genocide may be committed in the countries of North Africa, Egypt, Iran, Aden, South Africa, Greece, North and South Korea, in Yugoslavia and the Baltic states.

A short time ago Greek reds kidnapped 28,000 Greek children and took them behind the iron curtain, solely because of their nationality. Chinese reds and North Koreans have slaughtered whole groups of clergymen and children because of their religion. In the Baltic states more than a million persons have been killed or exiled because of their national origin. These acts, Mr. Speaker, are preambles to genocide, if they are not indeed genocide according to the convention. Such horrors need little enhancement to ripen into the planned destruction of an entire group.

Preventive provisions in the convention, in my opinion, are therefore even more important than punitive provisions. I am hopeful that this phase will be given active consideration by international statesmen.

[Mr. Crestohl.]

Some preventive steps may be found in articles III and IV of the convention. Article III sets forth that the following acts should be punishable: (a) genocide; (b) conspiracy to commit genocide; (c) direct and public incitement to commit genocide; (d) attempt to commit genocide; (e) complicity in genocide. Article IV sets forth that persons committing genocide or any of the other acts enumerated in article III should be punishable, whether they are constitutionally responsible rulers, public officials or private individuals. This is perhaps the first time in the history of international affairs, Mr. Speaker, that a warning is proclaimed that constitutionally responsible rulers are no longer immune, even in their own domains, from the responsibility for committing crimes. In other words the myth in international law that "the king can do no wrong" has been substantially modified.

No responsible head of a state will be able to commit with impunity acts which are being labelled by this convention as crimes against civilization.

I should like to emphasize, Mr. Speaker, that the machinery for implementing the convention as set out in article VI appears to be, in my judgment, a little vague. I now read from the convention itself:

> Persons charged with genocide or any of the other acts enumerated in article III shall be tried by a competent tribunal of the state in the territory where the act was committed, or by such international penal tribunal as may have jurisdiction with respect to those contracting parties which shall have accepted its jurisdiction.

It is, of course, not difficult to conceive that a criminal court of any particular state might have a problem in trying its ruler, leader, statesmen or anyone else. Domestic courts can unfortunately be tampered with or neutralized by legislation, as we see in the case of South Africa today.

A procedure much more definite and much more independent is therefore required if clause VI is to have any effective meaning. Consequently I direct attention in clause VI to the following words: "such international penal tribunal as may have jurisdiction" and so forth. This wording implies the use of an international penal tribunal.

I understand that the creation of an international criminal court has recently been recommended. I hope it will be established. The committee on international law appointed by the Canadian Bar Association has given the matter much study. This is one of the most important committees of the Canadian Bar Association, since it is composed of past presidents of the association and is presided over by Chief Justice McRuer of Ontario.

It is my hope, Mr. Speaker, that this committee will not only recommend amendments

to our own Criminal Code to enable our courts to deal with those charged with the crime of genocide, but will also support the establishment of an international criminal court and recommend a procedure making it possible to bring before it, try and punish offenders, irrespective of their station and importance in their own country. The establishment of such a court might really put some teeth into the convention and would make of it something more than an instrument of mere wishful thinking, noble as that in itself might be.

The genocide convention, Mr. Speaker, was originally brought to the attention of the United States as early as 1946, shortly after the United Nations Organization was first convened. The convention was adopted unanimously on December 9, 1948. Its coming into force, however, was suspended until at least 20 member nations, by acts of their respective parliaments, would ratify the convention. Those ratifications were, unfortunately, rather slow in coming in. Finally on January 12, 1951, it being the ninetieth day after the twentieth instrument of ratification was deposited with the Secretary General of the United Nations in accordance with the terms of the convention, the convention was finally ratified.

Since then many more countries have ratified the convention and I believe there are at the present time some 36 nations which have approved it. Our own country was among the first to sign the original instrument, and our Secretary of State for External Affairs (Mr. Pearson) is now submitting this resolution for Canada likewise to deposit with the Secretary General of the United Nations the requisite document indicating that the people and the parliament of Canada have ratified the convention which it signed on November 28, 1949. This step is consistent, as I said at the commencement of my remarks, with the high moral level of our country and the reputation which it enjoys in the eyes of the civilized peoples of the world.

This example, I hope, will now be followed by the rest of the members of the United Nations who have not yet ratified, so that the entire civilized world will not only declare its abhorrence of the crime of genocide, and condemn it, but will also declare itself ready to punish all individuals, groups and even nations who will resort to the unspeakable crime of mass murder.

I have one more point that I should like to add, Mr. Speaker, and it is this. Since our country has acquired a position of pre-eminence for its humanitarian views and as a fearless champion of justice, it is all the more important for our parliament to ratify the convention, because those countries which have not yet approved it may look to us for guidance and leadership. Our hesitation to sign, or suspension of this action, will cause much eyebrow raising amongst those countries, who will wonder why Canada has not yet signed.

There have been some questions raised as to why the United States, Great Britain and other democracies have not yet adopted the necessary legislation to approve the genocide pact. There appears to be no explanation other than casual indifference, or a belief, to some extent, that the pact is not necessary, or that it may be inoperative. No reason whatsoever can justify a refusal to declare the crime of genocide repulsive to civilization. What are these delinquent countries waiting for? Have their sensibilities not yet been sufficiently violated? Or has the passing of only a few years already dimmed their revulsion at what has occurred? Surely those democracies who cling so jealously to their ideals should be the very first to vigorously urge universal condemnation of the crime of genocide. Hesitation obviously has the effect of giving encouragement to those countries which practise genocide in our own days.

I am therefore hopeful, Mr. Speaker, and sincerely pray that with the adoption of this legislation by our parliament, the necessary stimulus will be given to the rest of the democracies who have not yet approved this convention and that, in the not too distant future, twentieth century civilization will be able to record the universal condemnation of a crime that has plagued human history, and the fact that henceforth the crime of genocide will be effectively outlawed and never again practised by man.

Mr. Stick: Before the hon. member finishes his speech, there is something to which I should like to direct his attention. I was following him as closely as I could, and I think in his speech he mentioned South Africa, with the implication that genocide was practised there. I hope that is not so. There may be racial distinctions there, but I greatly doubt whether the crime of genocide is practised. If that is implied in the hon. member's speech, I hope that he will reconsider that part of it.

Mr. Pearson: Mr. Speaker—

Mr. Speaker: If the minister speaks now he will close the debate.

Mr. Pearson: —I think I should say a few words on this important resolution and express the view of the government with respect to it. Before doing so, however, I should like to deny the soft impeachment of the hon. member for Peel (Mr. Graydon) that

my absence from the house over the last day or two has had anything to do with what he called political genocide. Genocide, Mr. Speaker, is mass destruction or the intention to commit mass destruction. My purposes, during my absence for the last few days, have been entirely constructive.

The resolution to approve the Canadian ratification of the convention on the prevention and punishment of the crime of genocide, as the previous speakers have pointed out, has already been considered in detail by the standing committee on external affairs and has been reported to the house without amendment. The genocide convention which is before us was the first convention to be prepared by the United Nations and opened for signature by states throughout the world. The text was unanimously adopted by the general assembly of the United Nations on December 9, 1948. Canada's representatives at the first part of the third session of the general assembly in Paris in 1948 were among those who supported the principle that the genocide convention should receive the widest possible application. Canada signed the convention on November 28, 1949, and it came into effect on January 12, 1951, 90 days after the deposit of twenty instruments of ratification or accession without reservation. As has been pointed out, a total of 36 states have now ratified or acceded, thirty without reservation and six, unfortunately, with reservations. The states which annexed reservations are: Bulgaria, Roumania, Poland, Czechoslovakia, Hungary and the Philippines. The genocide convention is important not only because of the nature of the matter with which it deals but because it is the first international convention, prepared at any time, which seeks to define an international criminal offence. This means essentially an offence to be prevented and punished by all the states which adhere to the convention and for which they may be held to account by other states.

The crime is defined in article II, which has already been read to the house. It reads:

> Acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group, as such...

As it has already been done very eloquently, Mr. Speaker, I do not need to recall to the house some of the horrible examples of genocide we have had in the past, especially the recent abominable instance of the practices of the nazis during the 1930's and during the war. Their systematic and ruthless policy, designed to uproot and exterminate a whole people, the Jewish people, makes one of the most tragic chapters in the whole of human history. A glorious footnote, however, has been written to that chapter, in the emergence and the establishment of the state of Israel.

There have been other examples. Perhaps I might read at this point a communication which indicates that genocide is not yet eradicated from the world, especially from that part of the world behind the iron curtain. This communication for obvious reasons, which will commend themselves to the house, will have to remain anonymous. It is addressed to me, and reads as follows:

> My wife and I recently spent a week end in X—
>
> X being a city in Russia.
>
> —where we were shepherded around. An incident occurred as our train was leaving the city which I thought worthy of recording.
>
> Our train was forced to stop a moment as we were pulling out of the station. I looked from my window and saw, six or seven tracks away, a line of cattle cars, but they were not filled with cattle; they were filled with women. There was an aperture of about a foot and a half between the sides and the roof, and from this opening peered hopelessly out the emaciated faces, framed by clawing hands, of numbers of women. There were soldiers at the track side with fixed bayonets so there could be no mistaking the meaning.
>
> It was just a moment's pause. Then our train moved on, but it was as if the corner of a curtain had been lifted, permitting a brief glance into the cesspool. Where these poor unfortunates came from, or where they were going, we can only guess —perhaps from Estonia; destination, just the east.

It is that kind of thing, Mr. Speaker, that this convention, inadequate though it may be in many respects, is designed to prevent or at least to make more difficult. The human race has, we must hope, become more civilized, and the inherent rights of the individual and of minority groups have become more important; they have become protected under domestic law, particularly under the laws of democratic states. We must hope that in the future that protection under domestic law may be reinforced by international convention and international law. This convention is designed to do just that. Up to the present these rights have not been protected as a matter of international law, and I hope this convention will at least be helpful in that essential process.

The contracting states under the convention undertake to prosecute persons guilty of genocide in their own countries or, in the alternative, to surrender them to an international penal tribunal if and when such a tribunal is established. This latter obligation does not arise at once in any case or by virtue of the ratification of this treaty, since the contracting parties would also have to agree by a separate convention to accept the jurisdiction of such an international tribunal. For practical purposes, then, and particularly

because the establishment of such an international penal tribunal is problematical at this time, it may be said that the scheme of the convention is that contracting states accept genocide as an international crime and undertake to punish offenders in their own courts.

As has been pointed out, however, the convention contains one provision in article IX, which has some teeth in it, in the sense that it affords a means by which one contracting state can bring another contracting state before the international court of justice. The international court of justice—which has no jurisdiction over individuals as distinct from states, and which also has no criminal jurisdiction of any kind—would have no power to pronounce on the guilt or innocence of any person, but under this article it might give a declaratory judgment as to whether the respondent state was, in fact, carrying out its obligations generally under the convention.

The communist countries have consistently refused to accept the compulsory jurisdiction of the international court of justice, and in line with this general position these countries —and also the Philippine republic—have made reservations refusing to be bound by this article.

A few countries objected to those reservations, and the objections which were made have been responsible for hesitation and some delay on the part of certain states to ratify this treaty. To clear up these difficulties the Secretary General of the United Nations asked the general assembly for a directive at its fifth session in 1950 in regard to the significance of reservations of this kind. The assembly then, as many hon. members know, decided to refer the question to the international court of justice, and it was hoped that the court would give an opinion which would clarify the whole situation. This hope was not, I confess, entirely realized in the event. The court by a majority decision merely stated that any state could be regarded as a party to the convention while maintaining a reservation, notwithstanding the objection of other states, if the reservation could be considered as "compatible with the objects and purposes of the convention." The court refused to state whether or not the reservations in question were "compatible," and said that this depended upon a subjective appraisal of the effect of the reservation by each state.

Therefore the decision in one sense did not carry us much farther forward. The present position then is that if Canada were now to object to the communist reservations on the ground that they were in fact "incompatible" the communist countries, as well as some other countries, might maintain that they were "compatible." In these circumstances—and we gave a great deal of consideration to this difficulty—it appeared desirable to the government that Canada should now ratify the convention without reference to the reservations even though this might involve our acceptance of them by legal implication.

The language of the reservation is such that no country which has made the reservation under article IX can hale a non-reserving country on a charge under the convention before the international court of justice without the non-reserving country's consent. That is a very important consideration. The reservations made under article IX are identical, and I shall read the terms used by Bulgaria:

> Bulgaria does not consider as binding upon itself the provisions of article IX . . . and declares that, as regards the international court's jurisdiction . . . Bulgaria will . . . maintain the position that in each particular case the agreement of all parties to the dispute is essential, for the submission of any particular dispute to the international court for decision.

In other words it seems to me to be clear from the wording of that reservation that Canada, for instance, could not be brought before the international court of justice on a charge of violation of the convention we are now considering, by a country like Bulgaria, which has made this reservation, without the consent of Canada itself.

The genocide convention is possibly the most important source of new international criminal law which has developed since the last war. Other sources of this law are the Nuremberg principles based upon the charter and judgments of the Nuremberg tribunal, which were formulated by the international law commission of the United Nations, and also the proposed code of offences against the peace and security of mankind, which is still under consideration in the United Nations.

Since it is desirable, I think, that there should be world-wide acceptance that genocide is a crime, and since the force of the convention as a source of international law depends upon its general acceptance by states, the conclusion may be logically drawn that it is best to have the widest possible acceptance by states of this convention as a source of law, even although there may be a refusal by some states to accept the enforcement provision in article IX.

The following question has arisen, causing some anxiety I believe in the committee, and it has been referred to today by the hon.

member for Peel (Mr. Graydon). The question is this: Is any legislation required in Canada to implement within our own borders the obligations which our country will undertake under the convention? On this important matter I should like to qucte the opinion of the deputy minister of justice, to whom this was referred for an opinion. He wrote as follows:

> You have asked for my opinion as to the nature of the legislation, if any, that may be required to implement the convention on the prevention and punishment of the crime of genocide to which Canada will, I understand, shortly become a signatory—

This letter, by the way, was written before we actually signed the convention, and not in connection with its consideration for ratification.

> You also asked for a confirmation of your assumption that no legislation on the part of the provinces would be required to implement the convention.
>
> Dealing with your last query first, in my view, the provinces are not required to introduce legislation to implement the provisions of a convention which relates in its entirety to criminal law.
>
> I am further of the opinion that no legislation is required by Canada, at this time, to implement this convention. In this connection, I would direct your attention to the wording of article V of the convention. I do not think any legislation is "necessary," inasmuch as I cannot conceive of any act of commission or omission occurring in Canada as falling within the definition of the crime of genocide contained in article II of the convention, that would not be covered by the relevant section in the Criminal Code.

It was only after we received this opinion back in 1949 that we signed this convention which is now before the House of Commons for approval.

There is another point which has been of equal concern to members of the standing committee on external affairs, and which also was mentioned by the hon. member for Peel. I refer to the meaning of the words "mental harm" in subparagraph (b) of article II of the convention. This article defines the offence as I have already quoted it, and I shall repeat the definition for convenience:

> Acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group, as such. . .

These are the governing words of the definition, and consequently they control and limit the effect of the specific list of acts which follow those governing words. The second of these listed acts reads:

> (b) Causing serious bodily or mental harm to members of the group.

It is the words "mental harm" which have caused some uneasiness in some minds. My understanding, Mr. Speaker, is that the words "mental harm" cannot mean anything but physical injury to the mental faculties.

The hon. member for Winnipeg South Centre (Mr. Churchill), who has taken a keen interest in this convention, pointed out before the standing committee on external affairs that these two words were originally introduced into the definition at the request of the Chinese delegate to the United Nations who was concerned with the practice of the Japanese of administering opium to the Chinese people as a means of weakening their resistance in the Sino-Japanese war.

Of course the administering of opium to a racial group which would involve physical injury to the mental faculties would come within the definition I have just quoted. I cannot myself conceive that mental harm can be caused to persons with intent to destroy in whole or in part a national, ethnical, racial or religious group, without physical injury to the mental faculties of such persons.

I therefore suggest to the house that the use of the words "mental harm" would and should be interpreted, as a measure of both our domestic and our international responsibility, as meaning "physical injury to the mental faculties".

My attention has also been directed to another point which I think might be cleared up at this time. I refer to a decision handed down by the United States supreme court concerning the constitutional validity of a law of the state of Illinois. It concerned a statute of that state and it was not a decision on the interpretation of the genocide convention. However, the judgment did comment on the genocide convention and might have given the impression that while genocide is of course, literally, the murder of a race, by extension it could be applied to any act detrimental to the welfare of any identifiable group, whether the lines of identification are religious, racial, cultural or national, and that it might apply to crimes against such groups short of extermination and might therefore really be aimed against any concerted determined discrimination against a minority.

While I do not think any of us would condone discrimination of this kind in any way, shape or form, I think that interpretation of this convention is going too far; that is, that it could be interpreted as applying to discrimination against a minority.

Mr. Graydon: Some Canadians have taken that interpretation.

Mr. Pearson: That is not the interpretation we would give it. And while I would not have anything I say on this point interpreted as approving or condoning discrimination of this kind in any shape or form, we would

have our own way, I hope, of dealing with such discrimination. I think it would be undesirable to leave the impression that it could be brought under this convention, or that this convention could be used properly for this particular purpose.

In conclusion may I say that the possibility of the crime of genocide being committed in Canada seems to me to be extremely remote. I stress the fact that the broad purpose of this convention is to bring the law throughout the world up to the standard which I think we may say without boasting happily exists already in our own country. In approving this convention unanimously, which I hope parliament will do, we will be proclaiming throughout the world that genocide is considered by us to be a monstrous crime. We will be doing something to make it more difficult for any other country to commit that crime.

Motion agreed to.

CANADIAN FORCES ACT

DISCIPLINE AND ADMINISTRATION—COURTS MARTIAL—PENSIONS, SUPERANNUATION, ETC.

The house resumed, from Tuesday, May 20, consideration in committee of Bill No. 224, respecting the Canadian forces—Mr. Claxton—Mr. Beaudoin in the chair.

On section 2—*The National Defence Act.*

Mr. R. O. Campney (Parliamentary Assistant to the Minister of National Defence): Mr. Chairman, when the committee rose last evening subclauses 2 and 3 and 17 of this section were under consideration. These subclauses were included in the bill to provide for the carrying out of Canada's commitments in the event that the Geneva conventions should be ratified by Canada. Last evening some hon. members expressed doubt as to the desirability of having such legislation passed before the decision on ratification is taken. As these subclauses would not be required unless and until the Geneva conventions have been ratified, I am instructed by the minister to ask that the bill be amended by deleting these three subclauses.

Section 6, which has not yet been reached, provides that subsections 2, 3 and 17 of section 2, to which I have just referred, shall not become effective until proclaimed by the governor in council. Of course, that would happen only in the event that the Geneva conventions were in fact ratified by Canada. For the same reasons as those which I gave in connection with the three subclauses of section 2 I am instructed by the minister to seek an amendment to the bill to delete that section.

Mr. Fournier (Hull): I move:

That subclauses 2 and 3 of clause 2 be deleted and subclauses 4 to 16 be renumbered as subclauses 2 to 14 and that subclause 17 of clause 2 be deleted and subclause 18 be renumbered as subclause 15;

That clause 6 and the heading thereto be deleted.

Mr. Pearkes: I think the government is well advised in withdrawing these subclauses which proved objectionable to hon. members. The official opposition could never have agreed to having legislation placed on the statute books based on a convention which had not been ratified by this house, a convention which had been passed more than three years ago but which had not been ratified by the United Kingdom or the United States and with the terms of which hon. members were not familiar.

With the withdrawal of these objectionable subclauses the objection of the official opposition to the amendment to the National Defence Act would be removed.

Amendment agreed to.

Section as amended agreed to.

Section 3 agreed to.

On section 4—*The Defence Services Pension Act.*

Mr. Pearkes: When this section was under discussion during the resolution stage I directed attention to an injustice which has existed for many years in relation to junior warrant or petty officers or junior commissioned officers. I suggested that that injustice should be removed by the removal of the limitations placed upon the earnings of retired officers who find employment in the civil service. I had hoped that consideration would be given to my suggestion.

As the amendment now stands it would be possible for two or three men to retire on the same day with the same length of service and take exactly the same positions in the civil service. If one of those men was a senior officer, a brigadier or admiral, his pension would be greater than that drawn by an officer of the junior rank. If the brigadier took a position in the civil service he would be entitled to draw pay from the civil service along with his pension to the extent that the combined pay and pension did not exceed the pay of the rank which he had held at today's rates of pay and allowances.

The same thing would apply to the captain or warrant officer, but if this man took a similar position with the civil service you would have a ridiculous situation created. The senior officer would be able to draw his entire pay from the civil service as well as his entire pension because the combined

amounts would not reach the level of the pay and allowances for his rank, but the warrant officer or captain taking a similar position would find that he was entitled to a much smaller amount because the pay of a captain or warrant officer would be considerably less. He would draw his pay from the civil service but his pension would be reduced because the combined civil service pay and pension would exceed the pay of that particular rank at the present time.

This irregularity and injustice has existed for many years, and I had hoped that the minister would be prepared to remove it when bringing in his amendments. I hope consideration will still be given to doing this. I hope the parliamentary assistant will be able to say that the limitations have either been removed altogether or that there will be a fixed limitation which will be equitable to all ranks of retired persons. I hope the parliamentary assistant will be able to make that announcement today as well as the very satisfactory announcement he has just made concerning the other clauses. Then I would have no further objections.

Mr. Campney: I am sorry that I cannot completely satisfy the hon. member on both counts. His representations with respect to the point he has just raised were brought forward on the resolution. The matter is not quite as simple as he has stated it. After all, when people are active in the service and then retire on a pension, both their pay in the service and the pension thereafter are based on each man's or woman's particular rank which is supposed to represent his or her status in the services. On the other hand, when people enter the civil service they may have duties comparable to those they had in the services or the duties may vary as between different people, and they may not vary in the same proportion that their service duties varied. This amendment is designed to take account of present conditions. The hon. member's proposal would introduce a new principle which it was not found desirable to accept. I think the minister dealt with that at the resolution stage when he said in reply to the representations of the hon. member for Nanaimo, as found at page 2193 of *Hansard* for May 13:

> . . . I must say that the advisers of the government do not see how we can go any further in this direction without making it profitable for some officers to retire and take up positions in the civil service, if we are to enjoy their service.

Therefore it has not been found possible to accede to the representations the hon. member has made. While I am on my feet on behalf of the minister I should like to make a correction for him.

Mr. Knowles: I hoped that was coming.

Mr. Campney: At page 2195 of *Hansard* the hon. member for Winnipeg North Centre asked whether, in the case of a man who had a pension from one of the services and was later in the civil service, the pension was paid first with the balance being paid by the civil service, or whether the civil service payment came first with the balance being paid out of the pension fund. The minister said:

> I am subject to correction in the answer I make because I have never had the question raised before. My view is, however, that he gets his pension from the defence services pension fund to which he has contributed. Then he would receive the balance of his pay from the department. However I should like to check on that before giving a final answer.

The matter having been checked, the minister has asked me to say that he found the opposite is the case.

Mr. Knowles: I believe that is clear from the wording of the section now before us.

Mr. Pearkes: I hope that at some future date the amendment I have suggested may be given further consideration, because I feel that the advisers whom the minister consulted were probably financial advisers rather than service officers.

Mr. Campney: I am sure the hon. member for Nanaimo will gather from the first remarks I made today that any representations he makes are always given consideration.

Section agreed to.

Section 5 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time? Now?

Mr. Knowles: By leave.

Mr. Fournier, Hull (for Mr. Claxton) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we would like to proceed with Bill No. 242, to amend the Emergency Gold Mining Assistance Act. We spent a day or more on it at the resolution stage, and we hope it will not be very controversial. Then we will take up the estimates of the Department of Transport. If we are fortunate enough to complete those we will take up public works.

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

HOUSE OF COMMONS

Thursday, May 22, 1952

The house met at three o'clock.

BANKING AND COMMERCE

Third report of standing committee on banking and commerce.—Mr. Cleaver.

HOUSE OF COMMONS

ANNOUNCEMENT OF HOLIDAY ON MAY 24

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, may I announce to the house that, after consultation with Your Honour, it was decided that the members of the staff of the House of Commons would be given a holiday on May 24.

NATIONAL DEFENCE

QUESTION AS TO AUTHORIZATION OF SEVEN-DAY WORK WEEK IN WESTERN COMMAND

Hon. Brooke Claxton (Minister of National Defence): Yesterday the hon. member for Calgary West (Mr. Nickle) asked about an order issued by the general officer commanding western command under which, it was said, all ranks of the Princess Patricia's based at Calgary had been required to move from their homes into barracks. I find this is not the case. During the period from May 17 to September 13, units in this command will be undergoing intensive training. Married officers and men can live out after duty hours, but must be back for the first parade.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 247, for the relief of William Wallace Watson.—Mr. Winkler.

Bill No. 248, for the relief of Russell James Barrett.—Mr. Winkler.

Bill No. 249, for the relief of Alice Sabria O'Connor Muskett.—Mr. Winkler.

Bill No. 250, for the relief of Julia Emma Pearl Sager Noiseux.—Mr. Winkler.

Bill No. 251, for the relief of David Gilmore Bennett.—Mr. Winkler.

Bill No. 252, for the relief of Kathleen Hilda Turk Woodall.—Mr. Winkler.

Bill No. 253, for the relief of Mary Elizabeth Cate Lowe.—Mr. Winkler.

Bill No. 254, for the relief of Aldea Gendreau Bourbonnais.—Mr. Winkler.

Bill No. 255, for the relief of Peter Ernest Walker.—Mr. Winkler.

Bill No. 256, for the relief of Dorothy Agnes Kearns Bradley.—Mr. Winkler.

Bill No. 257, for the relief of Sarah Bernstein Smith.—Mr. Winkler.

Bill No. 258, for the relief of Margaret Gladys Redman Glassco.—Mr. Winkler.

Bill No. 259, for the relief of Louise Joslyn Smith Harvey-Jellie.—Mr. Winkler.

Bill No. 260, for the relief of Bertha Naujoks Stehr.—Mr. Winkler.

Bill No. 261, for the relief of Margit Aloisia Payer Worontschak.—Mr. Winkler.

QUESTION

GENERAL HOWARD KENNEDY

Mr. Low:

1. What was the total amount paid to General Howard Kennedy as chairman of the eastern Rockies forest conservation board, for (a) salary; (b) expenses or other allowances, for each of the years 1947 to 1951, and to date in 1952?

2. How many days in each year since 1947 did General Kennedy devote to duties in connection with the eastern Rockies forest conservation board?

3. Is General Kennedy employed on a full-time basis, or in a consultant capacity only?

4. Did General Kennedy hold any other position during the period January 1, 1947, to date?

5. If so, what position or positions (a) with the federal government; (b) other than with the federal government?

Mr. Winters:

1.

Fiscal year	(a) Salary	(b) Expenses
1947-48	$ 8,484.00	$2,588.53
1948-49	12,000.00	3,718.66
1949-50	12,000.00	3,327.43
1950-51	333.00	Nil
1951-52	7,806.45	1,032.50
1952-53 (1 month)	625.00	Nil

2. General Kennedy combines work of and for the eastern Rockies forest conservation board with that of operating a private practice as consulting engineer. Some portion of virtually every day is devoted to work of the board. This varies from interviews with personnel of the Department of Resources and Development, the Auditor General's department or the treasury department, to correspondence and preparation of material for reports, study of legislation, etc.

In addition to the foregoing, General Kennedy devoted his full time to the work of the board on the following number of days:

Fiscal Year	Days
1947-48	84
1948-49	105
1949-50	102
1950-51	7
1951-52	57
1952-53	8

(He was on leave of absence without pay from April 1, 1950, to August 7, 1951, but nevertheless attended and served as chairman at board meetings in June and October of 1950.)

3. The basis of General Kennedy's agreement with the Department of Mines and Resources in 1947 was that he would serve as chairman of the eastern Rockies forest conservation board and give as much time as was necessary to carry out the work of the board and to direct its affairs. He serves as chairman and in the formative stages of the board he acted in the capacity of both chief engineer and chief forester.

4. Yes. General Kennedy served as director of the United Nations relief and works agency for Palestine refugees from April 1, 1950, to June 30, 1951. During this period he was on leave of absence without pay from the eastern Rockies forest conservation board.

5. (a) In addition to the position with United Nations, General Kennedy has served as chairman of the forest insects control board. He also served as chairman of the associate committee in forestry of the national research council. No remuneration was paid for these two positions. (b) Not available except for No. 4.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ONTARIO AND QUEBEC PUBLIC BUILDINGS, WHARVES AND HARBOURS—FEDERAL EXPENDITURES

Mr. Catherwood:

1. What was the total amount spent by the federal government on new public buildings in Ontario and Quebec, in the year 1951?
2. What was the total amount spent by the federal government on wharves and harbours in Ontario and Quebec, during the year 1951?

Mr. Fournier (Hull): Mr. Speaker, may we have this passed as an order for return. I understand that the information requested by these questions is all contained in the report of the public works department, the only difference being that my officials will have to get to work and prepare that. Perhaps the hon. member could easily find those details in the report.

[Mr. Winters.]

Mr. Green: May I ask the minister whether the departmental report does not go only to the end of March, 1951, whereas this question is for the whole calendar year.

Mr. Fournier (Hull): That is where the difficulty will start. We do not keep the books open that way. We follow the fiscal year, so that is still more work, but I shall try to get the staff to do it.

ARMED FORCES—ALLOWANCES, PAY AND PENSIONS

Mr. Pearkes:

1. What basic pay and allowances are received by officers of the various ranks between WO II in the army and equivalent ranks in the other services, and brigadier?
2. After twenty years service, what pension would be received by the ranks mentioned in (1), upon retirement?

Mr. Blanchette: Return tabled.

PURCHASE OF CARS FOR GOVERNMENT DEPARTMENTS

Mr. Dinsdale:

1. How are new cars purchased for the various government departments?
2. Are these cars purchased directly from the factory or through retail distributors?
3. If purchased through retail distributors, are tenders called for?
4. If tenders are called for, how is information circulated among dealers so that all interested parties might have the opportunity to submit a tender?

CANADIAN FARM LOAN ACT

AMENDMENTS TO PROVIDE FOR ADMINISTRATIVE CHANGES, TO GIVE POWER TO BOARD TO BORROW FROM MINISTER, ETC.

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That is is expedient to introduce a measure to amend the Canadian Farm Loan Act to provide for a number of administrative changes under the act; inter alia to give power to the Canadian farm loan board to borrow money from the minister to be paid out of the consolidated revenue fund on such terms and conditions as the governor in council approves for the purposes of the board; to permit first mortgage loans up to 60 per centum of the appraised value of the security and up to a maximum of $10,000; to provide for the appointment, duties and remuneration (out of the revenues of the board) of an advisory board to be known as the Canadian farm loan advisory board; to provide with respect to short term loans secured by second mortgage that they may be made for the same purpose as first mortgage loans and up to one-third of the amount of a first mortgage loan; and to provide further for aggregate maximum loans secured by first and second mortgages up to $12,000 and up to 70 per centum of valuation where chattel security is taken or 65 per centum where it is not taken.

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

Motion agreed to.

TARIFF BOARD ACT

SALARIES OF VICE-CHAIRMAN AND OTHER MEMBER OF BOARD

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Tariff Board Act to provide that there shall be paid out of the consolidated revenue fund an annual salary of twelve thousand dollars to the vice-chairman of the board and an annual salary of eleven thousand dollars to the other member of the board.

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

Motion agreed to.

NATIONAL DEFENCE

THEFTS IN MILITARY ESTABLISHMENTS—FURTHER PROSECUTIONS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of National Defence whether any further prosecutions are being planned or prepared now, in respect of thefts either at Petawawa or elsewhere, as the result of any recommendations of Mr. Currie's staff or otherwise?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, it is rather difficult to anticipate events, but I will tell the hon. member that I expect further prosecutions to be laid.

Mr. Fleming: Is the minister in a position to say how soon?

An hon. Member: How can you tell?

Mr. Claxton: Just as soon as the legal advisers of the Department of Justice think it is desirable.

Mr. Fleming: I have one other question. Are those in respect of thefts at Petawawa or elsewhere?

Mr. Claxton: Unfortunately, as I indicated in the house the other day, there are a number of prosecutions laid every year; but the only ones I know about are at Petawawa.

Gold Mining

EMERGENCY GOLD MINING ASSISTANCE ACT

EXTENSION OF APPLICATION TO YEARS 1952 AND 1953

Hon. George Prudham (Minister of Mines and Technical Surveys) moved the second reading of Bill No. 242, to amend the Emergency Gold Mining Assistance Act.

He said: Mr. Speaker, the amendments before the house will provide for the extension of the provisions of the Emergency Gold Mining Assistance Act for two years. It will also clarify the application of the formula for cost-aid as it applies to the last quarter of 1950, and in the years 1951, 1952 and 1953.

We had a very full discussion on the resolution. I was pleased to note that the speakers without exception indicated their intention to support the amendments. The hon. member for York West (Mr. Adamson) referred to gold mining as a dying industry. I know that the industry is experiencing serious difficulties at this time and is, in fact, struggling for its very existence. I will not, however, agree that it is a dying industry.

The legislation now before us is designed to assist the industry over the present difficult period. At no time has it ever been suggested that this Emergency Gold Mining Assistance Act and subsequent amendments are intended as a cure-all for the ills that beset the industry. They are only intended to help meet the emergency. In my opinion the difficulties that the industry is now struggling against will produce some benefit. The very fact that the price of gold has not been high enough to make it profitable is a challenge to all engaged in the industry.

As I said on a previous occasion, I recently had the pleasure of visiting the gold mining area of northwestern Quebec. There we saw at first hand the miracle that has taken place during the last few years. A short time ago the country was nothing but a vast wilderness. Today there are in existence thriving and prosperous towns; they are not the temporary makeshift communities that some people would expect to find on a wilderness frontier but are permanent, modern towns with all conveniences, well planned, with permanent and beautiful public buildings and fine homes. This has all taken place within the last twenty or twenty-five years. Similar history is being made in many other provinces in Canada and in the Yukon and the Northwest Territories. Around the towns agriculture is developing on an ever-expanding scale.

The spark plug of all this development was, and still is, gold. Many of the communities

to which I have referred are largely dependent on one or more mines in their vicinity. Some mines are producing base metals as well as gold. Here and there base metal mines are being developed and these are adding stability to the region. I am informed that in almost every instance the original development was for gold.

These mines use an enormous amount of steel, electrical goods and products of the factories, forests and farms. They also contribute to the prosperity of our railways and other transportation facilities.

I should not pass on without saying a word about the contribution that aviation has made to the development of the north. Aviation has speeded up the exploration and development work tremendously.

The search for gold is the spearhead of civilization rolling back the wilderness and revealing and contributing to the development of the great riches of the Canadian shield. I could go further and tell you about the prospectors who brave the hardships of the wilds—black flies and the discomforts of the trail—as they go forth to discover and unlock the secrets of Canada's great storehouse of wealth, namely the Canadian shield. I could tell you about the engineers who plan the development and operate the mines and whose ingenuity and resourcefulness have evolved new and better methods, and more economical production.

It is this fine response to the challenge of adversity that has enabled the mines to continue under the present difficult circumstances.

I could tell you of the miners who daily face the dangers and hazards of underground operations. I believe, as the hon. member for Cariboo (Mr. Murray) does, that any man who works underground should receive a good wage for an honest day's work.

One partner in this great Canadian enterprise that is often forgotten, or to whom little credit is given, who I think should be recognized, is the investor, the provider of the risk capital, the men and women who provide the capital that makes possible the large scale very expensive enterprises that are necessary for successful operation under present-day conditions.

We all know that the prime reason for investing in mining enterprises is the hope of making a profit. As long as we believe in free enterprise we believe in the profit motive. We also know that free enterprise to operate successfully requires co-ordinated effort of capital, labour and management. In the gold mining industry at the present time we have an outstanding example of that co-ordinated effort.

I have been impressed during my trip to northwestern Quebec by the evidence of sincerity and public responsibility on the part of the owners and management and by the miners themselves. To their credit, they are investing large sums in recreational and social facilities for the old and young. They are building beautiful churches and schools.

We visited one splendid community centre that had been donated to the town by one of the mining companies. In another centre we visited a large community hall that had been built and completely paid for by the employees of a mine.

I am confident that the gold mining industry, and our mining industry in general, will survive the present difficulties and show the way to a greater and more prosperous Canada. The industry will be stronger than ever because the people in the industry are meeting the challenge of the present day with the spirit of hard work, enterprise and ingenuity.

The people of the gold mining industry are not looking for a handout. They are only asking for a chance to work out a solution to their problems. I am firmly convinced, Mr. Speaker, that if Canada is to be a great nation, as we all hope, we must maintain that spirit of adventure, enterprise and industry that is so clearly exemplified by these northern communities.

By these remarks I have endeavoured to show that the mining industry, although facing difficulties, is meeting the challenge and without a doubt will survive the emergency and be stronger for the struggle.

The extension of the cost-aid for another two years will give the mining industry a chance to cope with their problems. We all hope, and I know that the industry hopes, that they will not have to ask for further aid. However, that can be reviewed when the time comes. As I said before, this is not intended to cure the ills, but merely as a temporary aid to assist the industry in working out their own problems.

Mr. Rodney Adamson (York West): In his remarks the minister used the word miracle in describing what he had seen in northwestern Quebec. May I say with all due respect he is hoping for another if he hopes that this gold mining area will continue to live in face of rising costs, with a fixed price for its products, that is in front of it today.

To go over the situation with regard to gold production for the last fiscal year, we find a very serious deterioration has taken place. The costs for straight gold mines have increased in the last twenty months, rather

less than two years, by no less than $4.20 an ounce produced, or 12 per cent as a gross cost.

As I mentioned in my remarks last week, the Hollinger had an increase based on a ton of gold of $1 a ton. The grade at Hollinger may run $11 or $12 a ton, and the profit is a comparatively small amount. If this increase in costs per ton continues the gold mining industry even for the most profitable producer is doomed, and doomed in a comparatively short space of time.

The figures of production for last year published by the Canadian Metal Mining Association are as follows—they are in round figures: Thirty per cent of the gold is now being produced by mines whose costs are over $35 an ounce. The assistance from this act is $6 an ounce on the average. Even with this assistance these mines are operating at a loss at the present time. Thirty per cent of the straight gold mines have an average price of $32.50 an ounce, and the cost-aid averages $3.50 an ounce. At the present time these mines are just breaking even. The remainder, or 40 per cent of the straight gold mines, have an average cost of less than $30, and the cost-aid is 70 cents an ounce. These mines are still able to make money.

If costs go up in 1952 an amount similar to the increase in 1951, two-thirds of the Canadian gold mining industry will not be able to produce an ounce of gold for the statutory price of $35 in United States funds by the end of the year. And despite cost-aid on these figures, by the end of this fiscal year, practically two-thirds of our straight gold mining companies will not be making a profit on what they are producing. If that does not mean that the destruction of the industry is facing us, and facing us in the very near future, then I do not know what it means. The statement the Minister of Mines and Technical Surveys has made, that gold is the magnet, the metal that has attracted our frontiers north, is one with which I agree. But that just reinforces my statement that the gold industry today is in a perilous condition.

There is one other point I wish to make, and that is to deny the assumption that the United States treasury is the main market or even the control over the price of gold. The premium on the Canadian dollar is due not so much to inherent strength in our currency as to a weakness in the United States position, or a flight from the U.S. dollar. No matter how great or how rich a nation is, it cannot defy the laws of economics continuously. The United States policy of deficit financing is dangerous, not only to that country but to the whole of North America.

Annual deficits, particularly deficits which are suspect of being caused by and for internal political policies, are weakening the economic structure of the United States, and causing a great danger to the entire free world. The U.S. dollar, because of this policy, cannot be other than a wasting asset in terms of goods and services. For us to sell gold for this currency is basically unsound for this reason alone; but to sell it at a price below the world price, even stated in terms of U.S. dollars, is, to put it mildly, the supreme folly. No matter what the prosperity, no matter how great the production, no matter how high the standard of living, no country can survive continuous deficits in its national accounting.

I say that without any desire to criticize a great and friendly government. But the whole policy which is being followed, the whole economic policy, makes the gold industry in Canada hostage to American inflation. And, as I pointed out before, today less than 15 per cent of the gold is going into useful channels; it is being placed in hoards. That is the one thing we are trying to prevent. The one thing that we are trying to do is to put gold back into useful circulation. To fail to do this would be as dangerous as any national policy we could follow.

I spoke at length on this subject last Wednesday, and I do not propose to repeat today what I said at that time. But I wish to deny as emphatically as I can any suggestion that the United States either controls the world price or is the main market for gold. We should examine carefully the whole policy of selling gold to this market at the present price.

Mr. Victor Quelch (Acadia): Mr. Speaker, when this measure was in the resolution stage we stated we would support it, to give assistance to the gold mining industry, because we recognize the important part that industry plays in the Canadian economy. First of all, we are producing gold and, secondly, gold plays an important part in helping us to meet our unfavourable balance of payments with the United States.

For a number of years we have been in the difficult position of not being able to balance our trade with that nation; and therefore gold does help us to balance our payments. On the other hand I would say that we would be in a far happier position and would be making a greater contribution to the welfare of the world if, instead of expanding the

production of gold, we were to expand the production of some other useful commodity the United States was willing to accept. In that way not only would we be able to balance our payments with that country but, in addition, we would be making a real contribution to the wealth of peoples throughout the world.

During the last four years I believe we have paid over $40 million to the gold producers by way of assistance. I understand there are in the neighbourhood of 26,000 workers in that industry. I mention that only to remind those hon. members who, at the time we were discussing another measure, one which gave $65 million to the wheat producers, opposed it. Let me point out in passing that that $65 million was paid over a period of five years, and that over 250,000 grain producers benefited from the payment. So the amount of the subsidy now being given to the gold producers is far greater than the assistance given to the wheat producers. Further, the price of wheat was controlled in the same manner as the price of gold is now controlled. I mention that only in passing, and in the hope that in future, if measures come up to give assistance to wheat producers, a more reasonable attitude will be adopted by some of those very people who are so insistent now that this assistance be given to the gold producers.

When the hon. member for York West (Mr. Adamson) spoke at the resolution stage he said that a return to the gold standard was desirable. He made it clear that he realized this could not be brought about overnight and that certain preliminary steps would have to be taken. On the other hand he left no doubt that he supported the idea of the restoration of the gold standard; and, in view of the fact that he spoke first for his party, I am assuming he was speaking on behalf of it, and that the Progressive Conservative party supports a restoration of the gold standard.

Let me add that not only the Progressive Conservative party is advocating the restoration of the gold standard, because in his mail every member receives a great amount of propaganda from various interests advocating the same thing. Let me make this clear. If we in this group thought for one moment that assistance under this bill was aimed at the restoration of the gold standard, we would not support it for one moment. On the other hand I have no reason to believe that that is the attitude of the government. As a matter of fact statements made from time to time by the Minister of Finance (Mr. Abbott) indicate clearly that that is not so. Apparently at the moment the government believes in a managed currency, which I believe is far more beneficial to the country than any effort to operate under a gold standard.

I found the speech of the hon. member for York West most interesting. With some of it I agreed, and with some I did not. I was interested in what he said with regard to the White plan brought down prior to the Bretton Woods agreement. Of course gold plays a large part in the Bretton Woods agreement. It holds a preferred position. It is the only commodity that a debtor nation has the right to demand that a creditor nation accept in payment of its obligations. A member nation's currency is valued in terms of United States dollars, and United States dollars are valued in terms of gold. So gold does play a very important part, and holds a very preferred position under the Bretton Woods agreement.

The hon. member for York West pointed out that Dexter White, who apparently wrote the White plan, had been called by Chambers a fellow traveller. Apparently he was a communist. The reason why that interested me is that at the time we were discussing the Bretton Woods agreement some of the strongest supporters of that agreement in this country were communists. At that time we were the only group in this house opposing the agreement and they criticized us bitterly and called us fascists and a few other names because we opposed it.

At that time we had in the house as a member a prominent communist. It so happened that he sat beside me. I said to him one day that I could quite understand why the communists were so anxious to push other nations into the Bretton Woods agreement because they felt that it was going to be a tremendous handicap to any nation that joined it and therefore Russia was all too anxious to get as many nations into that agreement as possible. I told him at that time that I was satisfied that Russia would never join the Bretton Woods agreement. He insisted they would, but what happened? Russia supported it up to a certain point and then dropped it. I think that was all by design; I do not think that was accidental.

It is very interesting to note that today one of the main reasons why Great Britain is having to trade with nations behind the iron curtain is to be found in the provisions of the Bretton Woods agreement. I do not think anyone should criticize Great Britain at the present time because she is trading with nations behind the iron curtain because it is a matter of life and death with her. She has to get food. She is able to get food

from Russia. Apparently we are not prepared to sell her food unless she pays for it in dollars and she has not the dollars. She must buy that food from nations which are willing to trade with her on a barter basis or in return for sterling.

The hon. member for York West has advocated a return to the gold standard. I would say that any person who asks for a restoration of the gold standard is playing into the hands of the Kremlin to an even greater extent than were those who supported the Bretton Woods agreement. If the gold standard is ever returned it will mean strikes in this country from one end to the other; it will mean a very serious depression.

I say that for the simple reason that the gold standard cannot work efficiently where you have built up a degree of stability, where there is resistance against a fall in wages or a fall in the prices of agricultural products, where there is stability in incomes. In order to have the gold standard work efficiently that stability must be broken down.

Perhaps I should explain why I say that. I think we are all familiar with the principle of the gold standard. We know that under the gold standard currency is based upon gold; the gold reserves automatically control the internal prices in relation to the external prices. When prices within a nation rise to a higher level than the prices of other nations, gold flows out, exports fall off and we have an unfavourable balance of payments. The gold must flow out in order to adjust that adverse balance of payments. When the gold flows out your gold reserves are reduced and therefore there has to be a general restriction in the amount of money in circulation in order to bring it back into conformity with the reduced gold reserves.

When you reduce the amount of money in circulation it has a tendency to reduce prices. When you reduce prices there is a tendency to reduce wages and increase unemployment. That is supposed to go on until your prices fall to a level either lower than or equal to the prices of other nations. Then those other nations are supposed to buy your production and goods and gold will gradually come back into the country. That is supposed to be the automatic feature. Theoretically it works quite nicely.

As I said before, the gold standard can work effectively only when the social structure is amenable to these automatic features. Fortunately that is not the case in Canada. I am not trying to pat the government on the back, but we have built up in this country a certain degree of stability. We have a certain degree of stability in wages due to wage agreements. We have a certain degree of stability in farm prices through price support. If the gold standard is to apply you would have to break that structure or lose gold and thus have to restrict the amount of money in circulation. In a very short time you would either be forced off the gold standard or you would have a very serious depression.

I know that some will say that I am not giving a fair interpretation and therefore I should like to quote an orthodox economist, a man who I think has been recognized as an authority on the gold standard. I refer to Mr. T. E. Gregory, professor of currency and banking, University of London, and of the London School of Economics. I intend to quote from his book entitled "The Gold Standard and its Future", pages 32 and 33, as follows:

> It is more profitable to turn to a consideration of the general nature of the post-war economic situation and to discuss how and why this situation has complicated the working of the gold standard.
>
> Thirdly, the world economic structure has become rigid to an unprecedented degree. Owing to the much greater pressure which organized business and labour interests can bring to bear on government, there has been a general advocacy of "stability" which has in practice meant that particular groups could stabilize their own position without any, or enough, attention having been paid to the result of such stabilizing action on other parts of the economic field or to the long-period results of such action. Raw material producers have been allowed, with the aid of governmental or quasi-governmental assistance, to "stabilize" the prices of particular raw materials, without regard to the fact that consumption might thereby be discouraged and production encouraged . . . In the sphere of labour there has been in certain countries a development of unemployment insurance schemes or similar relief measures which have prevented wage rates from falling, whilst in others public opinion, reinforced by government propaganda, has had very much the same effect . . . From the standpoint of the working of the international gold standard, such a rigidity of social structure and of the scale of money income implies that the adjustment, which might under more elastic conditions have been made by movements in the domestic price and income structure, is at best delayed, with the inevitable effect that gold movements, or, what is in the modern world very much the same things, changes in the holding of foreign exchange assets at the command of the Central Bank, take place on a larger scale than would otherwise have been necessary.

I think that explains it in a more lucid manner than the way I described it. It indicates exactly what I was saying, that you cannot expect the gold standard to work efficiently so long as you build up buffers against a fall in wages, a fall in agricultural prices and a decrease in the general degree of well-being. Consequently your gold standard either has to go or you go down into a serious depression.

In this regard I always think that the best way to learn is to study the mistakes we have made in the past. During the past

we have been on the gold standard on various occasions. I was interested in a report issued by the United States department of commerce in 1944 entitled "The U. S. in the World Economy" in which they review the reason for the quick recovery from the 1920-21 depression, the reason for the duration of the depression in the thirties, and the reason why we got out of the depression rather quickly in 1937-38. As I say, I am only going to quote enough to explain what effect the gold standard had in these movements. On page 2 there is the following:

> The major factors contributing to the relative ease and speed with which our international transactions weathered the strain of the 1920-21 period appear to have been the following:
>
> As pressure emanated from this country through the fall in business activity and prices, declining imports, and cessation of government lending, other countries were able to absorb part of the strain by permitting their exchange rates to depreciate and thus avoided becoming enmeshed in excessive deflation in their own economies. This was possible because the pegged exchange rates maintained among the allies during the war had been abandoned and the international gold standard had not yet been restored. Few countries, if any, attempted at that time to maintain fixed rates on the United States dollar.
>
> Also largely because they had not yet recommitted themselves to the gold standard . . .

With respect to the longer depression in the 1930's there is the following on page 5:

> The major factors accounting for the duration of the decline and the severity of its consequences were in many respects the reverse of the more favourable conditions noted with respect to the 1920-21 period. Among these factors were the following:
>
> In further contrast to the more flexible situation at the beginning of the decade, the world at large had returned to a regime of fixed exchange rates under the reconstituted international gold or gold-exchange standard, which had won general adherence by the end of the twenties. The initial endeavour to defend their exchange parities and reserve positions let the task of readjustment in their external demands fall full force on their internal economic life, thus strengthening the forces of depression and deflation throughout the world generally.
>
> One can only speculate as to how much deflation other countries would have had to enforce and endure if the adjustment had been carried all the way through in this manner. The principal measures of adjustment resorted to by other countries, most of which involved a radical departure from the gold standard and the previous world commercial system in general, were as follows:
>
> (1) Abandonment of gold parities and depreciation of foreign currencies with respect to the dollar.
>
> (2) General tariff increases aimed at curtailing total imports and promoting domestic production.
>
> (3) Preferential tariff and commercial arrangements designed to foster trade among the participants and to divert trade from other sources of supply.
>
> (4) Direct trade and exchange control through quotas and licensing requirements for the purpose of forcing trade along selected channels and restricting the use of foreign exchange to the available supply.

May I interject there that very often we hear the charge made that these controls and restrictions were largely responsible for the depression. Note that the depression was the reason that these controls and restrictions were implemented, and it was largely as a result of these controls and restrictions and the abandonment of the gold standard that we were finally able to pull out of the depression. With regard to the 1937-38 depression there is the following on page 10:

> The reasons for the short duration of the decline in our international transactions in 1937-38 and for its failure to have more serious repercussions seem to be as follows:
>
> Of basic importance with respect to the supply of dollars, prompt and energetic action was taken by the national authorities to prevent the development of the domestic recession into progressive and cumulative deflation along the 1929-32 order and to insure revival. In addition to the greater flexibility of exchange rates in general, by the time of the 1937-38 recession many foreign countries had developed intricate systems of trade and exchange controls and other techniques which helped them to absorb shocks from the outside without transmitting undue pressure to their internal economic structures.

I think it is unfortunate, Mr. Speaker, that we did not benefit by the experience that we gained in those years when we were drafting our post-war proposals with respect to financial policy. If we had given due regard to what had happened during those years, I think we would have been very hesitant about signing the Bretton Woods agreement because under that agreement, as I have already stated, we did place gold in a preferred position. We made gold the only commodity in the world today which a debtor nation has the right to insist that its creditors shall accept in payment of its obligations. Second, we gave exporting nations the right to demand payment in their own currencies instead of accepting the currency of the importing nation without placing any obligation whatsoever upon the exporting nation to buy the other nation's goods so they could obtain their currency.

If they are not able to obtain the currency of the exporting nation with which to pay for these imports, then of course they either have to go into debt or meet these payments with gold. Most of the nations that need our goods are not in the fortunate position of having gold. Not satisfied with that, we also supported a policy of non-discrimination which even denied those debtor nations the right to determine their sources of supply. Naturally when they had an adverse balance of trade with the dollar area the only way they could correct their balance of payments was to try to reduce their imports from the dollar area and buy elsewhere. They were denied that right under the principle of non-discrimination, although at the present time,

realizing that they cannot possibly get on in any other way, we have allowed them to discriminate.

Another point that the hon. member for York West advocated was a free market for gold as a preliminary step to the setting up of a gold standard. So far as this group is concerned, we would have no objection to a free market for gold provided that gold was divorced entirely from the monetary system and made a commodity the same as anything else. Make it a commodity the same as other goods, provide a free market and make it subject to the law of supply and demand, speculation or anything else you like; but as long as gold is used as a yardstick we consider it very unwise to make it subject to speculation. As long as gold is used as a base for establishing the exchange rate between the currencies of the nations or as a gold base, then of course the price of gold should not be subject to speculation.

What would one think if our weights and measures were subject to the law of supply and demand? What would one think if every time there was a surplus of goods we agreed to put 24 ounces in a pound in order to move them, or if every time there was a surplus of cloth we agreed to put 40 inches in the yardstick instead of 36 in order to make it possible to move those goods or to meet the law of supply and demand? I think everybody would realize that our weights and measures would no longer be a yardstick of value. In exactly the same way, if you are going to make gold the basis of your currency and the basis for the exchange value between currencies, and then at the same time make the price of gold subject to the law of supply and demand, you have not got a yardstick at all.

I quite realize that some people may not agree with my viewpoint, and I believe the hon. member for York West would pay far more attention to the leader of the Conservative party in Great Britain than he would to me. Therefore I should like to quote what Mr. Churchill had to say on that particular point in a speech he made in the House of Commons of the United Kingdom on April 21, 1932, to be found at pages 1661 and 1662 of the official report of their debates. He said:

> When I was moved by many arguments and forces in 1925 to return to the gold standard I was assured by the highest experts, and our experts are men of great ability and of indisputable integrity and sincerity . . . that we were anchoring ourselves to reality and stability; and I accepted their advice. I take for myself and my colleagues of other days whatever degree of blame and burden there may be for having accepted their advice.
>
> But what has happened? We have had no reality, no stability. The price of gold has risen since then by more than 70 per cent. That is as if a 12-inch footrule had suddenly been stretched to 19 or 20 inches; as if the pound avoirdupois had suddenly become 23 to 24 ounces instead of—how much is it?—16. Look at what this has meant to everybody who has been compelled to execute their contracts upon this irrationally enhanced scale. Look at the gross unfairness of such a distortion to all producers of new wealth, and to all that labour and science and enterprise can give us. Look at the enormously increased volume of commodities which have to be created in order to pay off the same mortgage debt or loan. Minor fluctuations might well be ignored, but I say quite seriously that this monetary convulsion has now reached a pitch where I am persuaded that the producers of new wealth will not tolerate indefinitely so hideous an oppression.

If any change is to be made in the price of gold while it is being used as a measure of value, then unquestionably that change should be made by statute and not be made subject to the law of supply and demand or speculation.

The member for York West further stressed that the free market would loosen trade in the sterling area. I was very interested in that. Perhaps I had better quote his words because I do not want to distort what any member has said. I refer to page 2212 of *Hansard* for May 14, 1952, where I read:

> The return to the gold standard is the only measure which, by making currency both a medium of exchange and a store of actual value, will prevent inflation . . .

That is an interesting statement, but this is the one I really meant to quote, on page 2210:

> If therefore the owners of the soft currencies were provided with the machinery by which they could exchange these currencies, through the medium of our gold market, into gold they would have a much more useful counter, no matter what it was called. There would have to be of course a buyer for the soft currencies, but the productivity of the sterling area in itself indicates a market for those currencies for those who wish to buy in that area.

I think that is a somewhat peculiar statement, because after all if anyone in Canada wants to buy sterling he can pay for it in dollars instead of gold. In so far as Great Britain is concerned she will be able to buy just as many things from Canada or the United States with dollars as with gold. In order to make it possible to buy sterling, you certainly do not have to have the restoration of either the free market for gold or the gold standard. I would have agreed with the hon. member had he advocated that we in this country should be willing to make some concessions to the sterling area by accepting payment for our goods in sterling, instead of demanding payment in dollars.

If we received a greater degree of sterling than we could use in the purchase of goods from that country, then we could hold those surpluses for future purchases or, if we considered that we would not need that surplus

for future purchases, then I think we would be justified in investing that currency within the sterling area in order to encourage productivity, and thereby make it possible for that area to export more goods to us.

Mr. Abbott: I do not want to interrupt the hon. member, but does he think that would be better than lending the money directly to the United Kingdom, because of course it is a form of loan. It would be a loan without interest.

Mr. Quelch: I am interested in the minister's observation there, because I had a dispute with a former minister of finance when I said the same thing about United States investments in Canada. I characterized the United States investments in this country as being a form of debt, and he said that was not a debt at all.

Mr. Abbott: I did not mean that making investments in the sterling area was a loan, but does the hon. member think it would be preferable to make a loan by buying sterling, and perhaps investing it abroad, rather than to make the loan directly to the United Kingdom government as we have done in the past?

Mr. Quelch: No, this is a suggestion by the member for York West. I am not suggesting for one minute that we buy sterling. I suggested that when we have goods to export to England, and they are not able to pay us in our currency and at the same time they require our goods, then we should be willing to accept sterling. Having obtained that sterling, it could either be used for the re-purchase of goods produced within the sterling area or invested within the country. I agree that, in effect, that would be largely the same as a debt to us, but I think it would be a good way and would help both Canada and the sterling area.

It would certainly affect the agricultural producers of this country, because at the present time the agricultural producers of this country are being warned that if they expand their production there will not be a market for it. I believe it is nothing short of a calamity that any industry today should be reducing the production of food when there is so much starvation in the world. I believe it would be a good thing, therefore, to make it possible for Britain to buy our agricultural products and pay for them in sterling, and then we could take that sterling and invest it in that area. After all, we would be doing only the same thing that the United States has been doing in Canada. United States people are making quite large investments in Canada and we are using the dollars that come from those investments to increase our dollar and gold reserves and to meet our unbalance of payments. In any event, gold does not need to enter the picture at all. It is merely a question of Canadian dollars and United States dollars.

In closing, I would say that so far as I can see the government of this country intends to adhere to a managed currency. In my opinion a managed currency is far superior to the operation of the gold standard. Under a managed currency you have some of the best brains doing everything in their power to make the amount of money in circulation meet the needs of the Canadian people, and under the gold standard you make the amount of money in circulation dependent upon the size of the gold reserve, regardless of the amount that may be needed to maintain a high level of employment and well-being in this country.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, having spoken in the debate on the resolution stage of this measure on May 14, I do not propose to repeat anything I said at that time, although I shall press for answers to some of the questions I asked on that occasion which have remained unanswered. But I have a special wish to deal with some of the statements made by the Minister of Finance (Mr. Abbott), who I regret to say has just left the house, when he spoke at the resolution stage on May 19.

Before I come to those statements, I have only one observation to make on the speech the hon. member for Acadia (Mr. Quelch) has made. He has expended a lot of effort and a lot of words in answering a case which I believe was not offered in the house. I do not know that anybody is suggesting that the restoration of the gold standard is even within the realm of possibility under present international conditions. What we of the Progressive Conservative party are urging is a revaluation of gold, because that will serve the interests of Canada.

Mr. Quelch: That is not what the member for York West (Mr. Adamson) said.

Mr. Fleming: I think if the hon. member for Acadia will read again the speech made by my colleague the member for York West he will see that he is reading into that speech a great deal more than the hon. member said.

Mr. Quelch: Will the hon. member permit me to read point No. 8 from page 2213 of *Hansard* for May 14, 1952? It reads:

> A gold-backed currency is the only sure cure for inflation. The return to a gold standard is desirable but is not an immediate prospect.

Mr. Fleming: It is not an immediate prospect now, and under present conditions it would be quite impossible.

Mr. Blackmore: Under any conditions will it be desirable?

Mr. Fleming: I do not say that under no conditions would it be desirable. Unless certain conditions which do not obtain today were present in the international sphere, I would not suggest for one minute that restoration would be desirable. But I would want to see those conditions obtain before I would commit myself on that subject.

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

Mr. Fleming: I do not intend to be led off into a theoretical discussion which my friends to the left love so well, and which I am afraid would be unprofitable for all concerned.

Mr. Blackmore: The hon. member means a realistic discussion, not a theoretical discussion.

Mr. Fleming: No. I am talking about a theoretical discussion when I refer to the theme that interests my hon. friends greatly.

I wish to deal with a very real subject, a subject of very real and direct interest and importance to Canada, namely a realistic policy on gold having regard to the interests of the Canadian nation. I propose to deal specifically with some of the remarks made by the Minister of Finance (Mr. Abbott) when he spoke in this debate on May 19. Some of us who spoke prior to the Minister of Finance in the debate had pressed for some statement of policy on the part of the government in relation to the price of gold and also for some statement of government policy with relation to the international monetary fund. What the Minister of Finance had to say falls short of a statement of policy with regard to either of those matters.

Let us then examine what the Minister of Finance had to say about gold in relation to the policy of the United States. At page 2367 of *Hansard* the minister is reported as follows:

> Really to oversimplify it, the present value of gold today depends upon the willingness of the United States treasury to take it and to give $35 an ounce worth of goods and services for it. If the United States treasury ever stopped doing that, I can tell you that the Canadian gold producers would be in a much more serious position than they are at this moment.

And further down in the same column:

> . . . I again remind hon. members that the continued value of gold and the future of the gold mining industry is dependent, under today's conditions, upon the United States treasury being willing to purchase it.

Everyone will concede, Mr. Speaker, that the policy of the United States government with reference to the purchase of gold is a factor of high importance in the position of gold throughout the world. But, Mr. Speaker, the Minister of Finance has not said one word about what the government of Canada is seeking to do by way of influencing the policy of the United States government or seeking to obtain on behalf of the gold producers of this country an adequate price for their product. Indeed, one could only interpret the remarks made by the Minister of Finance which I have just quoted as suggesting that there has been some fear gripping the minds of the Canadian government, namely the fear that the United States policy with regard to gold may somehow be offended if the Canadian government asserts the interests of the Canadian gold producers, and that this fear has somehow restrained the Canadian government from putting forth a proper effort to defend the rights of the Canadian gold producers.

I ask in all seriousness, Mr. Speaker, why this fear? How serious is a fear of this kind? Let us examine that matter for a moment. I submit to the house that there is no likelihood whatever of the United States government's abandoning its policy of buying gold. In the first place, while these figures are bound to fluctuate from time to time, the last figures I saw with reference to the gold holdings of the United States government indicated that the total held is some $22 billion in gold, of which $16 billion is required to give backing to the currency of the country, according to the laws of the United States. Mr. Speaker, is the United States government going to adopt any policy that is going to throw away or reduce the value of that national asset? Of course they are not.

In the second place, the policy of the United States government has shown a firm belief in gold as the final and universally acceptable means of settling international balances. Indeed it is fair to say that the policy of the United States government has been based upon that view. There is available today no evidence whatsoever to indicate that there is any change of viewpoint on the part of the United States government.

In the third place, all nations of the world still seek gold—even Russia. There is not one country in the world today that would not increase its supply of gold if it were within its power to do so.

In the fourth place, it has been and continues to be the policy of the United States government to keep gold out of private hands. I think that fact has a direct bearing upon government policy in Canada; and I think that anyone who suggests that the United States government is suddenly going to cease buying gold is not facing the situation realistically.

Then in the fifth place, Mr. Speaker, I suggest that it is quite clear that governments are going to have to enter the gold market and to rebuild their currency reserves; and I suggest that the United States government is not going to be the last among the governments of the world in doing that. Therefore, Mr. Speaker, in his contribution to this debate the Minister of Finance has done nothing more than set up a straw man as an excuse for apparent inaction of the government of Canada in the face of a policy of the United States government which limits the price paid to the Canadian gold producer to $35 per ounce United States funds. This price is not meeting the cost of production of the majority of producing Canadian mines today, and is having the effect of grinding this important Canadian gold industry between the upper and the nether millstones, the upper stone being a fixed ceiling price for gold and the lower stone being the constantly rising cost of production.

What did the Minister of Finance have to say on May 19 with reference to the policy of the Canadian government with respect to the international monetary fund? As reported at page 2367 of *Hansard* he said:

> I would therefore not take it for granted, as some people do, that Canada gets no benefit from being a member of the international monetary fund.
>
> This is a question on which opinions may differ. That may not be the best medium for maintaining the stable, traditional role of gold in the world economy, but it is one means. The international monetary fund is participated in by most of the major trading countries of the world with the exception of Soviet Russia, and by all the major gold producers. I think that statement should be made here.

Mr. Blackmore: Whose words were those?

Mr. Fleming: They were the words of the Minister of Finance.

Mr. Blackmore: When?

Mr. Fleming: When he was speaking in this debate on May 19. They are to be found at page 2367 of *Hansard,* in the second column.

Mr. Speaker, to my ears that statement sounds like a very lame and feeble defence of the international monetary fund. If that is the best that the Minister of Finance or the Canadian government can say for the international monetary fund, then there is little indeed that can be said in favour of that fund.

On previous occasions when the subject of gold was under discussion, I have said that the whole basis upon which the international monetary fund was erected was certain assumptions which were written into the preamble of the fund. To read the preamble today is to read something which will invite not comparison but complete contrast with many conditions that exist in the world now. The way in which international relations, international trade policies and international currency questions have developed since the days of Bretton Woods in 1945 has to a large extent, unfortunately, invalidated the bases upon which the international monetary fund's structure was then erected. What is the Canadian government doing about it? Here is a situation where international policy, as reflected in the international monetary fund, runs counter to the interests of Canada.

It is not to be argued, I think, Mr. Speaker, by anyone—certainly by anyone in this house—that when that fund runs counter to the interests of Canada as a gold producer it is not running counter to the fundamental interests of the Canadian nation. Well, then, what are the compensating advantages that Canada is receiving from the international monetary fund? The Minister of Finance hinted vaguely that there might be some compensating advantages, but he has scrupulously abstained from attempting to state them. If there are those advantages let us know about them.

In the meantime, Mr. Speaker, I repeat what I have said on previous occasions, namely, that the international monetary fund has become to an increasing degree an instrument of the fiscal policy of the United States. And to that extent it has run definitely counter to the interests of Canada as a leading gold producer.

We are still faced with a situation here in Canada, Mr. Speaker, where the government continues to subscribe to international policies which are definitely damaging the interests of Canada as a gold producer. If there are some compensating advantages that Canada is receiving, then let us know about them, because they are certainly not apparent to many of us.

When permission was given by the international monetary fund last fall for the step taken by Canada at that time to make provision for the marketing of gold of a fineness of 22 carats or less, other nations took advantage of the occasion to make some statements of policy, and I think that probably the most important of those statements was the one made by the government of South Africa, because after all it is the world's leading producer and exporter of gold. The statement issued by the South African treasury on October 3 closes with this paragraph:

> While the union government will naturally watch this market closely,—

It is speaking now of the market for gold which can be called or was called in this statement the limited free market for gold.

> While the union government will naturally watch this market closely, and take its decisions from time to time in the light of developments, it desires to state that it does not intend to use its release by the fund from its self-imposed restrictions in such a way as to embarrass the market. It has recently sold as much as 40 per cent of its current gold production in the industrial market. This percentage was of its own choosing, and it will not hesitate to reduce it if circumstances necessitate such action. On the other hand—

I ask the house to note this closing sentence, Mr. Speaker.

> —the union government appreciates the fact that the new market will continue to be in a highly fluid state and it reserves to itself complete freedom of action to judge its course as circumstances may dictate from time to time.

This is a highly important statement of policy on the part of the South African treasury with reference to the marketing of South African gold. Does the Canadian government believe that it ought to reserve to itself complete freedom of action to judge its course as circumstances may dictate from time to time? Certainly the interests which the South African government indicates that it will seek to serve in fashioning its policy are the interests of South Africa, not without regard for the interests of the world as a whole and for the desirability of maintaining stable trading relations between nations; but nevertheless the interests that it will seek to serve will fundamentally be those of the South African nation.

Can it be said, sir, that the Canadian government has followed or declared such a policy? The fact of the matter is that we have had from the Canadian government no adequate statement of its policy with reference to gold. Today we are invited to give second reading to a bill which is no doubt acceptable to the house as far as it goes, but it does not go very far. The Minister of Mines and Technical Surveys said today that this bill is not intended to cure the ills of the gold industry; it is merely intended to aid the industry to work out its own remedy. I think that was the expression, or the thought to which he gave expression.

Sir, how can this industry be left to work out its own salvation when it is forced on the one hand to sell monetary gold, or fine gold, at a fixed price, a price which is fixed by international action to which the government of Canada is a party; and, on the other hand, the only opportunity given to it to market gold freely is on the basis of debasing it by a cumbersome method which requires the Canadian gold producer to debase his product, presumably by adding copper to it, and sending it abroad where it is immediately refined—a cumbersome, clumsy and most inept procedure? Now, sir, in the face of a situation like that, all of it the result of government decision, all of it the result of government policy, how is it possible then to talk realistically in this house about leaving the Canadian gold producers to work out their own remedy and their own salvation?

We recognize, as the minister said today, that this measure does not purport to be a cure for the ills; it could not be. All that this measure does is to offer a subsidy for a limited period; in this case it is proposed to extend the period for another two years. It is properly called an emergency measure. The minister referred to the emergency today, and properly said that the gold mining industry in Canada is fighting for its life. I was very glad indeed, sir, to hear some of the remarks made today by the Minister of Mines and Technical Surveys, because he has come closer in some of those remarks, it seems to me, to recognizing the seriousness of the plight confronting the gold mining industry than has any minister on the government side as yet. He certainly stated the plight of the industry in much more realistic terms than the way in which the Minister of Finance dealt with it on May 19. The Minister of Finance did not come any closer than referring in a general way to what he called the difficulties now facing the gold mining industry of this country. I suppose everybody faces difficulties of one kind or another, but the Minister of Finance did not show a very realistic appreciation of the plight of this great Canadian asset today, the gold mining industry.

Sir, it is going to take a great deal more than stopgap and inadequate measures of this kind to meet the needs of the gold mining industry. We are not saying this, Mr. Speaker, simply in narrow terms with a view to keeping alive a particular industry. We are thinking in terms, sir, of a great many people who depend upon these gold mines for their livelihood; we are thinking of many communities that directly owe not simply their prosperity but their very existence to the prosperity and well-being of the gold mining industry, and we refer also, sir, to the fact that in this gold mining industry we have one of the bastions of the Canadian economy. It may not be adequately recognized in that role today by the government, but it should be, and the time may yet come when the Canadian government will have to realize, as Canadians did realize in the 1930's, how much the prosperity and well-being of the gold mining industry does mean to the economic well-being of all of Canada. And measures of this kind certainly do not hold

out any promise of rectifying the fundamental ills and problems that confront the industry.

The Minister of Finance conceded that, but he sought apparently to wash his hands of responsibility for meeting these ills and problems of the gold mining industry. Well, sir, the government cannot in any light way like that shed the responsibility that it bears today for the condition of the gold mining industry. The price is set by international action. The price is set by the United States government and by an organization which surely the Canadian government ought to have some voice in seeking to influence. We do not find the Canadian government fulfilling its responsibility to this industry by making any attempt to direct or encourage a change of policy on the part either of the international monetary fund or of the United States treasury with respect to the price of gold.

Sir, we again ask: What is the policy of the government? What is the government doing to bring about the one sensible and complete solution of the problem, namely an increase in the price of gold? What is it doing? What has it been doing? What representations has it made to the United States government? What representations has it made to the international monetary fund? When we ask those questions we are met only with a stony silence. We can only conclude that the Canadian government has not measured up to its elementary responsibility to Canada and to the gold mining industry by seeking to encourage a change of policy on the part of the international monetary fund and the United States government.

In the meantime no change is indicated in the policy of the government with reference to the marketing of debased gold in the so-called limited free market for non-monetary gold. Apparently the step taken last fall, which was a good step so far as it went, is not to be improved; because apparently the government is going to insist that every producer make a firm and binding choice as to whether he will market his gold on the monetary basis at $35 an ounce or whether he will market it on the so-called non-monetary basis. He is not to be permitted to make a selection from time to time or to divide his product between two markets as may suit his interests.

Apparently also there is to be no relaxation in the rigidity of the regulations laid down by order in council last September in regard to the marketing of this so-called non-monetary gold. Apparently every producer is to be compelled to make a decision which will be binding for the calendar year. This rigidity, I submit, is inexcusable. It has hurt the effect of what was a good step, albeit inadequate, last fall.

Why, when a step like that is taken, should the beneficial effects be compromised by the introduction of this intolerable rigidity? I submit that what the government needs to do is to work for a release of this Canadian gold mining industry from the straitjacket into which it has been put by the policy of this government, and by international policy to which this government has apparently been a willing party.

(Translation):

Mr. Armand Dumas (Villeneuve): Mr. Speaker, I was quite moved, a few moments ago, to hear the Minister of Mines and Technical Surveys (Mr. Prudham) speak so enthusiastically of his recent trip to northwestern Quebec, that is to that part of the province wherein lies my constituency. I was also very gratified to hear him speak of the satisfaction he had felt while visiting the mines in our district and our—shall we say—recently established towns, that are no more than five, ten, fifteen or twenty-five years old. I was even more gratified to hear him speak in glowing terms of the young engineers who are at present directing operations in those gold mines now open in the northwest section of the province.

In this connection I would like to quote an article published in the newspaper *La Frontière* on the occasion of the minister's visit to our district. Here is what this newspaper wrote in welcoming the Minister of Mines and Technical Surveys:

> The Hon. George Prudham, Minister of Mines in the St. Laurent government, will be the guest of honour of the prospectors' association of western Quebec next Thursday evening at Noranda.
>
> *La Frontière* is happy to welcome the federal Minister of Mines. To our knowledge, this is the first time he has, officially at least, paid a visit to the main mining region of the province of Quebec.
>
> He will notice, among other things, that in twenty-five years at the utmost, and in much less than that as far as Val d'Or and Malartic are concerned, we have witnessed here, in our province, the development of a district whose economy is based almost entirely on mining, especially copper and gold mining.
>
> It will therefore be readily understood that the federal Minister of Mines will certainly be well advised to meet with the prospectors who ensure the continuity of our mining industry. We express the hope that the discussion he will have with them as well as with the mine managers will lead to a better understanding of the difficulties which stand in the way of prospecting and mining operations. Canada has to depend more and more on its mines. We may therefore hope that this visit, sooner or later, will bear fruit.

Well, Mr. Speaker, we see today that the minister's visit has certainly borne fruit, since he is now moving second reading of a bill which provides for the extension of the Emergency Gold Mining Assistance Act.

Notwithstanding what the hon. member for Eglinton (Mr. Fleming) has said, I believe personally that the Canadian government is doing all that is humanly possible to convince the directors of the monetary fund, as well as the United States government, of the necessity of raising the price of gold. I have every confidence that before long the price of gold will be raised. There is no other means of allowing our producers to meet the present requirements.

Mr. Speaker, I do not wish to prolong this debate; I would like, however, to add a few words in order to underline the fact that the measures taken in previous years by the government in favour of our gold mines, have turned out to be an excellent investment. When we read in the last report of the department of mines about the moneys granted to our gold mines under this assistance act, we see that Canada has paid to those mines grants totalling $42,100,000. Again, in the statistics which were recently released in connection with gold mining, we can see that from 1947 to 1950—not including 1951—our gold mines have disbursed $22 million for salary increases. I will admit that a few moments ago I was wrong in comparing these figures with $42 million; actually, during the three years comprised between 1948 and 1950, the federal government granted about $32 million in subsidies and our gold mines paid $22 million in salary increases.

It seems to me that this argument amply justifies the government's present attitude, in wishing to extend this Emergency Gold Mining Assistance Act to the years 1952-53.

(Text):

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, because of the importance of this industry to the 26,000 workers who are engaged in it, and because as matters now stand gold is playing a part in our economy, we accept this bill. However, we wish to make it clear that by so doing we do not concur in the views that some have expressed with regard to returning to the gold standard or the necessity or usefulness to our economy or the economy of the world of trying to get an increase in the price of gold itself.

The hon. member for Eglinton (Mr. Fleming) thought that the hon. member for Acadia (Mr. Quelch) was knocking down a straw man because he made the excellent case he did against returning to the gold standard.

Mr. Blackmore: For not returning.

Mr. Knowles: Yes. Nevertheless, it is quite clear that the hon. member for York West (Mr. Adamson) considered the return to the gold standard as being desirable under certain conditions. In his speech on May 14 he made it clear that there was at least one condition which he wished to have fulfilled before returning to the gold standard, and he spelled that out two or three times on pages 2212 and 2213 of *Hansard* of that date, when he said:

> The gold standard is desirable, but we cannot arrive at a gold standard until we determine the price at which gold can be traded in terms of our own currency.

He then went on to list some ten points. In dealing with point No. 7, he said, as reported on page 2213 of *Hansard*:

> The return to a gold standard must be preceded by the operation of a truly free market to establish a price for gold which can be maintained.

Then in his next point he said that to return to the gold standard was desirable. The hon. member for Eglinton says that he and others of his party are not at the moment making a case for a return to the gold standard, but the hon. member for Eglinton is working for that condition precedent which the hon. member for York West indicated the other day. That seems to suggest clearly that if the hon. member for Eglinton could get what he calls a realistic price for gold the next step would be the step advocated by the hon. member for York West, namely, a return to the gold standard.

It seems to me that what those who take that position fail to admit is that they are asking to have it both ways. They are asking for gold to be the basis of our currency, which gives it a protected price, and at the same time they are asking for such advantages in terms of price as they think can be achieved by a free market for gold. As the hon. member for Acadia so well stated in the excellent speech he made this afternoon, it would be all right to ask for a free market for gold and to take whatever price can be obtained on that basis if you put it in the same light as other commodities, but to ask that gold be the basis of our currency, with a guaranteed floor price, and then on top of that to ask that gold have the advantage of a higher price by having it sold on the free market is, I submit, asking for it both ways.

Complaints are made, such as was made by the hon. member for Eglinton, that the price of gold is fixed. The inference from

that complaint is that, in the hon. member's view, it is fixed too low. Actually that fixed price is a floor price; it is not a ceiling. As the Minister of Finance (Mr. Abbott) said the other day, it is fixed as a floor by the fact that the United States treasury is prepared to pay $35 an ounce. Here you have these protagonists for gold in effect complaining that the floor is too low, in other words wanting the guaranteed floor to be higher, and then they want a free market on top of that.

I submit that there is so much that is fallacious about that reasoning that it simply cannot be agreed to. It was good to hear the comments on this subject made the other day by the Minister of Finance, and I feel that the hon. member for Acadia rendered a real service by making the speech he made this afternoon. Someone might say, in the light of the complaints that I am now making against the argument for a return to the gold standard, that that should lead us to vote against this measure. As I have pointed out already, gold is playing a part in our economy as matters now stand. It plays a part in our exchange position with the United States, particularly when the United States treasury is prepared to buy it at $35 per ounce. Thousands of workers are involved in the industry and for these reasons we are prepared to accept and vote for the measure now before us. Nevertheless, as the hon. member for Acadia felt constrained to do, we feel that we must make it clear that if support of this measure were taken to imply that we were consenting to any steps designed to achieve the return of the gold standard, then the measure would not have our support.

As the hon. member for Acadia pointed out, if you go back to the gold standard you then submit your currency and your whole economy to the control of what amounts to blind economic forces. We in this group believe in a planned economy. We believe that it is our right and our duty to try to relate our natural resources, our productive capacity, and the goods and services we can produce by applying our labour power to our resources, to the needs of our people. We believe that in that process it is our right and our duty to control and manage our currency so that it will facilitate the greatest possible production and the most equitable distribution possible of the goods and services produced by our people.

We share with the hon. member for Acadia satisfaction—and I was glad to hear him express it this afternoon—that we have made some social progress in this country. We have moved to the point where there is definite resistance against the lowering of the standards of either our workers or our farmers. As it has already been put, there is definite resistance against the lowering of wages, not only monetary wages but real wages in terms of purchasing power. There is resistance against the lowering of the incomes, the real incomes of our farm population. Similarly I am glad to say that support has been built up in this country for the principle of social security, and there is very strong resistance against any moves that would lessen the value of such social security measures as we now have. Indeed, the whole trend of the thinking of the people of Canada is that our social security measures should be improved and that we should move forward in terms of improving our standards of living on all these fronts. You cannot do that if you are going to tie yourself to a gold standard. The only way we can really take full advantage of our natural resources and our productive capacity in such a manner as to provide a high standard of living for our farmers and other workers, and to provide adequate measures of social security, is to control our currency in the interests of these objectives, rather than letting our currency control us. It is for these reasons that we resist very strongly any move to return to the gold standard. It is for these reasons that we favour a managed currency as part of a program which we refer to as a planned economy.

While I am on my feet, I must say I have found it hard to reconcile some of the things that are said about gold and the gold industry. It was referred to this afternoon by the hon. member for Eglinton as one of the bastions of our economy. There came in the mail to members today a reprint of a speech made recently on the whole question of gold and gold mining in which it is said:

> Gold still has all the qualities which for centuries has made it the only lasting international money, representing a permanent and indestructible form of wealth, and providing sound backing for national debt and currency.

As I say, we get comments of that kind telling us that gold is a bastion, that gold is indestructible, that it is something wonderful, all but eternal; we are told that the gold industry does not want a handout, and yet it has to come to parliament and ask for assistance, indeed for legislation, which during the past four years has resulted in subsidies amounting to some $40 million. The request now before us is that the payment of this subsidy continue for another two years. I have already indicated the reasons why we are prepared to accept the measure, but I

plead with the house that we understand what we are doing and realize that we are dealing with a particular case, a particular industry, which is merely one amongst many. Let us not think we are dealing with something that is basic to our whole economy.

After all, the factors that are basic in our economy are those factors that make possible the production and distribution of wealth, and if we have got any common sense and grey matter as human beings we are going to organize the production of that wealth and see to it that it is properly distributed. We are going to see that our monetary set-up facilitates that process. We are not going to tie ourselves down to some blind force which will deny us the right to make social and economic progress.

There is one other thought that we have given utterance to before from this corner of the house, and I am sure it is a thought that is in the minds of many people of this country from coast to coast when they learn of the amount that is being spent to subsidize this industry. If we can afford to subsidize the mining of gold out of the federal treasury, surely we can by making payments afford to subsidize other primary producers when it is necessary, and likewise subsidize desirable social objectives for the well-being of our people. I fully agree with the comment made by the hon. member for Acadia (Mr. Quelch) when he compared this subsidy with the payment to western wheat producers a couple of years ago. May I add in that same vein that during the past seven years the total amount paid out by way of subsidies to maintain floor prices for farm products is in the neighbourhood of only $10 million. We have paid only $10 million in seven years to support floor prices for agricultural products compared with $40 million for gold in the last four years. We now have a measure that will tell the gold industry where it stands in relation to this subsidy for the next two years. On the other hand, the floor under beef is being set for a month at a time and the floor under pork for a year at a time.

Another subject that we frequently raise in the house is the question of housing. Again I say that if it is possible to provide sums like these to help a particular industry and group of workers, surely this parliament should not object to or resist our appeals in the name of the people of Canada for subsidies for housing for our Canadian people, which is one of the greatest needs of our time.

The whole question of whether we control our economy or are controlled by it is at stake in a discussion of this kind. I feel very strongly that those who would try to get us back to the gold standard or who would talk in terms of gold as though, instead of being just one of several commodities, it was something basic to our whole economy, are getting us away from the fundamental fact that what we want out of a monetary system is not a form of enslavement that will carry us down to another depression but rather a medium that we can control and manage so that it will facilitate the production of the greatest possible volume of useful goods and services and the distribution of those useful goods and services amongst our people in the highest standard of living that is now possible.

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

On section 1—*Calculation for 1950.*

Mr. Adamson: I cannot allow the remarks that have been made this afternoon to go entirely unanswered. A plea was made—and I am glad it was made—which marks the great cleavage and shows that the Social Credit and C.C.F. parties stand together in favour of a managed currency. They believe it is within the power of a national government to manage its currency despite all the evidence of history, despite the fact that every time any government has persisted throughout the years in attempting to manage currency it has inevitably meant inflation. I would suggest that they bring on the tumbrils and set up the guillotines because that is what will follow. Churchill's speech was quoted today. Churchill made the cardinal error in October, 1925, I believe, of trying to return to a gold standard at the 1914 price of 80 odd shillings per ounce despite the fact that the paper currency base and national debt had been tremendously inflated. There was not enough gold to make it operate. Consequently the value of the pound in purchasing power was greatly debased after the 1914-18 war, and to try to return to a gold standard based on a 1914-18 price for gold was obviously suicide. Before any attempt is made at returning to the gold standard there will have to be a period during which the price of gold can adjust itself as a free commodity. How long that will be I do not think anyone in this house, or in fact anywhere, can say; but that is the preliminary step which must be taken. The one step is that the market must regain its equilibrium as a free operation.

We have tried the device of pegging the prices of commodities. We have tried, within one country, setting the world price of certain commodities, whether it be wheat,

copper, zinc, lead or anything else. Eventually those attempts have inevitably failed. To try to do the same thing for gold will also fail, as is being proven at the present time.

Constant inflation is apparently the policy advocated by the groups on the left. Let me say, Mr. Chairman, that if there is any group that will be destroyed by constant inflation it is the working class in industry and the farmer. The one thing that will stabilize, and make that individual secure, is to know that the value of the money he can save, the value of the pension, the value of his insurance, will remain constant and not depreciate through the years. If that is the policy of the two groups to the left in this chamber, I am delighted to hear it, because I shall know what to say. If you want to maintain security for the individual you have to give him a counter that is going to maintain its purchasing power. With a managed currency or with any idea of some commodity basis for currency, that can never be done. We must take the steps necessary to safeguard the purchasing power of the Canadian dollar, irrespective of what it is quoted at in terms of any other currency.

There has been in history and there is now no machinery that has ever been able to maintain the purchasing power of a national currency except the exchangeability into gold at a fixed price. We realize that it may take some time. There may be a long period of adjustment, but eventually it must be taken if the security of a national currency is to be maintained. This cannot be done by decree or by decision of this parliament or the parliament of any country in the world. It has to be done by the freely accepted opinion of the producers and traders of the world and the laws of supply and demand.

Mr. Blackmore: I wonder if the hon. member who, to judge from the opinions he has expressed, must be the best authority on gold and its history in the house, can give us the price at which gold was being sold in the United States from 1925 down to 1935?

Mr. Adamson: What was the hon. member's question?

Mr. Blackmore: What was the price at which gold was being sold in the United States for each of the years from 1925 to 1937?

Mr. Adamson: It was $20.67 until the demand for gold forced the United States off the gold standard.

The Chairman: According to our practice at this stage a general discussion of the bill is allowed. We should not have, in the first place, a recurrence of the debate which took place on second reading. In the second place, I think we should bear in mind that this is an amending bill in only two particulars. Discussion may be general as to the two particulars in which the bill amends the Emergency Gold Mining Assistance Act. At this stage I do not think hon. members should go through the whole picture of the gold mining industry, the value of gold as a basis for currency and so on, as some hon. members seem intent on doing.

Mr. Green: With all due deference, the rule here is that we can have a pretty wide discussion on the first section of the bill. I see no reason why that rule should be abandoned in the case of this particular bill. I really believe that if the discussion is allowed to take its normal course that will not only be more nearly in line with the rules of the house but will save us considerable time.

Mr. Fournier (Hull): I wish to intervene at this stage. We spent a half day on the resolution without being able to complete it. We continued a day or two later in committee, and that discussion lasted quite a long time. We have spent the time from the opening of the house until now in the debate on second reading. We have had a fine general discussion on gold and I have become interested in it, though I have not seen any for a long time.

Mr. Knowles: There has been a gold robbery, now.

Mr. Fournier (Hull): Perhaps that is inciting the people to get more gold, but I believe that right now we should apply the rule which is applied in committee, that remarks should be relevant to the item.

Mr. Green: This is something—

The Chairman: Before anything else is said, may I say that I believe the hon. member for Vancouver-Quadra and myself are in agreement, but where we differ is that he seems to believe that what is before the committee at the moment is an act called the Emergency Gold Mining Assistance Act, but what is before the committee is a bill to amend the Emergency Gold Mining Assistance Act. If he looks at the explanatory notes he will see that. There may be a general discussion as to these two amendments, and that is quite in order.

On the first section of the bill in committee, however, we always cover what is in the bill. I think hon. members generally will agree with me on that score. We cannot have a general discussion on gold because we have before us a bill amending the Emergency Gold Mining Assistance Act. We may have a general discussion on the amending bill but not on the sections of the bill.

Mr. Green: Of course the first section of the bill, as a matter of fact, deals primarily with assistance to the gold industry, and that opens up the whole question. I submit that the hon. member is quite in order in asking the question he has just asked of the hon. member for York West. We always have this trouble, Mr. Chairman. We have had the Minister of Public Works, who is the house leader—

Mr. Fournier (Hull): I am not troublesome.

Mr. Green: —and he is an efficient and amiable house leader—rise whenever he thinks sufficient time has been spent on debate. We have him or some other member of the government getting to his feet and saying that now we should cut off this debate. He said today that because there was some extended debate at the resolution stage, the debate at this stage should therefore be short. The two have absolutely no connection. It is just the urge on the government side to cut off the debate and, I suggest, the urge on the opposition side to bring out all the facts. I submit that the hon. member for Lethbridge is quite in order in asking the question which he has asked.

Mr. Fournier (Hull): Mr. Chairman, I cannot agree. What I should like is for the chairman to see that the rules of the house are complied with once in a while. Generally I so greatly enjoy the speeches that I do not object; but I have heard a great deal about gold. If it is the intention to start the debate over again, I think it would be against the rules to do so. We are in committee. We have before us section 1 of the bill which provides for a change in the rate of assistance to the gold mining industry. I think an hon. member could discuss that rate. If he is not satisfied with it, but wants it increased or decreased, he would be quite in order to discuss that matter but it would not be in order for him to enter upon a review of the gold situation in the world generally. I think a discussion of that kind would be out of order.

Mr. Blackmore: Mr. Chairman, the reason for my asking the question is simply this. The hon. member for York West is advancing, as one reason for passing this bill, the fact that the gold standard ultimately is important to Canada and that consequently we should take care of our gold industry. My question is directed to examining the basis for his general assertion that gold, as a backing for currency, has been a stabilizing factor throughout the world and the only anchor which could be used in relation to money. That is the only reason that I am asking the question. The question goes right straight to the core of one of the major reasons advanced by the hon. member for passing this bill. It is not my desire to repeat the arguments which have been advanced, but certainly when a member like the hon. member for York West, with the position he holds, makes a statement in this chamber which in the opinion of other hon. members is fallacious, the other members should have the privilege of probing into the extent of his knowledge. That is the reason I asked the question. I will just say this. No doubt he has got off balance. He just has no information on this matter.

He wants to put the price of gold on the speculative market. I will just use one illustration and then I will say no more unless he provokes me. All you have to do in order to know what happens to the price of a commodity when it is on the open market is just remember what used to happen to the wheat crop in western Canada when the price of wheat was on the free exchange in Winnipeg. What the hon. member in effect is advocating is that gold should be put on the open market and that the price thereof should be determined not by supply and demand but by speculative supply and demand which results in the organization of bulls and bears, with all the drastic fluctuations that can take place in price. When the hon. member is ready to answer that statement let him come forward and do it, and not make general statements.

Mr. Herridge: Mr. Chairman, I should like to ask a question or two. I was interested in listening to the exposition of the point of view of the hon. member for York West. I heartily disagree with his statement that it would benefit the Canadian people to have a return to the gold standard. I support what the hon. member for Winnipeg North Centre said.

I want to draw to the minister's attention the suggestion that came from another direction and was unique, and I want to get his opinion on it. The hon. member for Comox-Alberni, when speaking on this subject in the house on February 12, 1951, made a most interesting and original contribution to the debate.

Mr. Gibson: Somebody has to have some intelligence around here.

Mr. Herridge: He suggested that if gold were staked out in ore bodies, the government could issue a certain amount of currency against the gold in the ground. That was not a frivolous remark, Mr. Chairman. I am sure it was made as the result of a good deal of thought and meditation on his part.

Mr. Fleming: It would be the first time.

Mr. Herridge: The suggestion came from a distinguished member who sits on the front bench, a gentleman with considerable business experience, one with a good parliamentary record and who is an original and creative thinker. I want to ask the minister this question. Has the minister given consideration to the proposal made by the hon. member for Comox-Alberni? If so, what objection would he have to an economic system or monetary and fiscal policy such as that suggested by the hon. member for Comox-Alberni?

Mr. Prudham: Mr. Chairman, I do not see that this question is directed to, or deals in any way with, the question that is before the committee.

Mr. Gibson: Mr. Chairman, I think I should try to clear up some of the misapprehension in the mind of the hon. member for Kootenay West.

Mr. Knowles: Are you speaking for your party?

Mr. Gibson: I am afraid the hon. member for Kootenay West has not read his *Hansard*. I am sure he can read; and I am quite sure that his powers of analysis are such that if he read a quotation from my speech at that time he would realize that what I said was this. We were setting up a manpower council at that time in order to try to allocate manpower to most essential uses in Canada. I said that if we were short of manpower for the defence of our country, I thought probably the first thing we could divert was the manpower from gold mines in Canada. I still believe that to be so. Happily, however, since that time we found that we had sufficient manpower to maintain our gold mining as well as our other projects as far as national defence is concerned.

The hon. member will also recall that I did not say that paper should be issued against gold lying in the ground. I said that if it was necessary for Canada to have gold backing its paper dollars—and that is something for which I am quite prepared to take the word of the economists on the government benches—if we were short of manpower, I thought possibly we could take proven gold ore reserves in the ground and use those at their net value for the issue of paper currency. I still believe that to be possible.

Mr. Fleming: I should like to ask the Minister of Mines and Technical Surveys several questions. The first is this. What proportion of the gold production has been going into the so-called free market for non-monetary gold since the policy was inaugurated last fall?

[Mr. Fleming.]

Mr. Prudham: The production figures for the last quarter of 1951 and the first quarter of 1952 for auriferous mines were 1,126,738 ounces and 1,071,930 respectively. The percentage sold in the free market—

Mr. Adamson: I would prefer it if the minister called it the premium market, because it is not truly free.

Mr. Prudham: The percentage of total production going into the free market in the last quarter of 1951 was 25·7; in the first quarter of 1952 it was 32·5.

Mr. Fleming: What does the government estimate to be the effect on the production of Canadian gold of the inauguration of the so-called free market for non-monetary gold last fall; the effect on the total production?

Mr. Prudham: A possible increase or decrease? I would not like to express an opinion on that. I do not suppose it makes any difference. Some mines are taking advantage of the free market. Eleven mines during the last quarter of 1951 and I think twelve at the present time have elected to use the free market.

Speaking to the resolution the hon. member for Eglinton I think made the statement that the order in council governing the free market permission was too stiff; that a mine electing to go on it was forced to stay on it. Well, as a matter of fact, a mine may elect at the beginning of any one quarter to go on the free market, and the only restriction is that it must stay on the free market for the balance of the calendar year. In other words if it elected at the end of the first quarter it would be nine months before it would have the privilege of going back on to gold mining assistance again, and so on.

Mr. Fleming: That was my next point, Mr. Chairman. Why should that be? Why not allow the mine free choice each quarter as to whether it will market its gold production on a monetary basis or on a non-monetary basis?

Mr. Prudham: If a mine sees that it is advantageous to go on the free market it should be able to make up its mind two months in advance.

Mr. Fleming: Is that the settled decision of the government in this matter, that they are not going to open this up at all to allow a free election each quarter?

Mr. Prudham: They now have the choice, a free election, at the beginning of any one quarter, and at the end of any one quarter, and I think that is quite generous.

Mr. Fleming: Then I take it that it is not the intention of the government to alter the

present plan, or to permit an entirely free election each quarter on the part of each mine?

Mr. Prudham: Well, if a mine wanted to wait until the end of the third quarter they would then have the privilege of changing; they would have the privilege of changing their mind at the end of the first quarter after election.

Mr. Fleming: That does not answer my question. I understand what the minister is saying about the present basis. If a mine does elect to go on the non-monetary marketing basis it is bound for the balance of the calendar year, no matter in what quarter of the year it so elects?

Mr. Prudham: That is right.

Mr. Fleming: I am asking if it is the fixed intention of the government to continue that basis, or whether the government is prepared to meet the wishes of the mines that are urging that they be permitted to make a free and unqualified election at each quarter as to whether or not they will go on the non-monetary marketing basis.

Mr. Prudham: To the best of my knowledge no mine has requested a change in that provision. For the time being at least we do not contemplate any change in that regulation.

Mr. Fleming: I am amazed to hear the minister say that, because obviously he has not been reading the statements made by very eminent figures in this field. When I spoke on May 14 I made reference to the speech at the annual meeting of Noranda Mines, one of the biggest gold producers in the country, by Mr. J. Y. Murdoch, the president of the company, than whom I am sure no one holds a position of higher respect in this industry. Speaking on this very matter, Mr. Murdoch said:

> I do feel that for greater effectiveness and in order to encourage more mines to forgo "cost-aid", the present regulations could be improved. As it now stands, once a gold producer elects to sell in the free market it must continue to do so for the remainder of the calendar year. This provision makes it difficult for certain mines to properly appraise the situation and decide what is best for them to do. In all fairness, as it is solely a matter of administration I would strongly advocate that arrangements be made to permit the mines to "elect" each quarter.

What could be plainer than that, and from what more eminent source could a responsible opinion on this subject be sought?

Mr. McCann: Did he make representations to the government on that ground?

Mr. Fleming: If I asked that question the minister would say it is privileged, and he would not even answer.

Mr. Prudham: I do not intend to read all the speeches that are made outside the house. I am quite sure that no application has been made to the Department of Mines and Technical Surveys for that change.

Mr. Fleming: Why does the government insist that gold marketed on the so-called non-monetary basis should be debased to a fineness of 22 carats or less, in finding its way to this so-called free market?

Mr. Prudham: To the best of my knowledge that is the way the customers want it.

Mr. Fleming: To what customers is the minister referring in making a statement like that? The essence of this matter is that the Canadian gold producer, in order that his gold may go to this so-called free market for non-monetary gold, must debase it to a fineness of 22 carats or less. It simply means that he has to add copper to it. Then when it is sent out of the country to the purchaser it is refined. What sense is there in that? Why should not the Canadian gold producer be permitted to sell gold on this free market on the same basis as he sells it for monetary purposes? Why introduce this requirement of debasing, knowing that when it reaches the foreign purchaser it is simply going to be refined again?

Mr. Prudham: The gold that is now being sold on the free market is supposed to be sold for commercial purposes, not for monetary purposes, and I understand that the commercial market does not require the fineness that is required for monetary purposes.

Mr. Blackmore: May I ask a question? Is that restriction imposed by the monetary fund? Is the requirement for debasing the result of the restriction of the international monetary fund?

Mr. Prudham: No.

Mr. Fleming: I should like to ask the minister if the government persists in its present policy of refusing to allow gold to be held in private hands in Canada?

Mr. Prudham: I do not see that that question relates to the amendment before the committee.

Mr. Fleming: With all due respect, I do. One of the reasons this measure is being sought, this subsidy, is that effective marketing at adequate prices is not available to the Canadian gold producer. The question I have asked has to do with one suggestion that has been frequently put forward for easing the lot of the Canadian gold producer. To let people in Canada hold gold, even in coinage form, would at least increase your market, improve the price and provide a hedge for the Canadian gold producers. Surely that

is a matter of very direct interest when we are dealing with a bill which proposes to continue a subsidy as one method of meeting the problems of the gold producers.

The Chairman: What seems to be very pertinent on this first clause is a discussion of the calculation for 1950. I am not in a position to say whether the question the hon. member for Eglinton has asked of the minister has anything to do with this first clause. That is a matter between the minister and the hon. member. The minister says it does not come under this clause. The hon. member disagrees. It seems to me it is a matter of opinion. Shall the section carry?

Mr. Fleming: No. Is the minister prepared to enlarge upon his answer? I am trying to be helpful. I can assure the minister I am not trying to make trouble for him, but we do want the information.

Mr. Prudham: The hon. member of Eglinton is just as familiar with the present regulations regarding the holding of gold as I am. I know of no change in government policy.

The Chairman: Does the section carry?

Mr. Fleming: Has the government made any representations to the United States government within the last year with a view to seeking an increase in the price that government is prepared to pay for Canadian gold?

Mr. Prudham: Once again I do not see how this question relates to the matter before the committee. If the hon. member wishes he might discuss that matter when the estimates of the Minister of Finance are introduced. I am sure he would have a much better chance of getting an answer then.

Mr. Fleming: Mr. Chairman, the minister has chosen to refer to the Minister of Finance. When a measure relating to gold is before the House of Commons, involving as it does many questions affecting this industry, I submit the Minister of Finance should be here to answer such questions as might properly fall within his department rather than that of the Minister of Mines and Technical Surveys. This is probably the one occasion this session when we will have a measure before the house dealing with gold. In my submission this is a matter of the highest importance. The Minister of Finance was in his seat for a short time this afternoon, but he left. In his absence all I can do, in seeking essential information which has a very direct bearing on the whole measure, is to put these questions to the Minister of Mines and Technical Surveys. If he feels they are outside his scope, then surely it is not impossible to have the Minister of Finance in the house to answer such questions as relate to the Department of Finance. Certainly from some quarter, one or other of those ministers, information should be forthcoming.

Mr. Howe: If I may intervene, there is a bill coming before the house, sponsored by the Minister of Finance, which deals with the Foreign Exchange Control Act, which comes up for amendment this year. My hon. friend is talking about currency, whereas this bill deals with the mining of gold, two totally different subjects. I see no reason why the Minister of Mines and Technical Surveys should be prepared to discuss currency when currency is not involved in this bill.

Mr. Fleming: It is obvious that this bill deals with the production of gold. What I am saying, and the point to which my questions are directed, is not connected with currency; it has to do with the price to be paid for gold produced in Canada and sold in the United States.

Mr. Howe: Sold to the United States for currency.

Mr. Fleming: Sold, I presume, directly for currency; and in the last analysis it will be used as a basis for settling differences in the exchange position. But surely I would have thought that when we are talking about the price of gold, this subject could be discussed. I asked simply what representations, if any, the Canadian government had made to the United States government with a view to seeking an increase in the price paid by the United States government for Canadian gold.

The Chairman: Would that in any way affect the manner in which it is proposed to make a calculation for the year 1950, as provided in section 1?

Mr. Fleming: Yes.

The Chairman: As the hon. member knows, it is difficult for me to assess what may be in order, if a discussion is to be related strictly to the section before the committee. I have been reading this section, and if I were taking part in the debate I do not think I would expect the latitude the hon. member thinks he should have. I would confine my remarks to the manner in which it is suggested, in this section, that the calculation should be made. The section states:

> Notwithstanding anything in this section, the sum that may be paid in respect of gold produced from a mine and sold in the designated year nineteen hundred and fifty, shall be the amount calculated as prescribed in subsection 2, 2(a), 3 or 4—

And so on. I would be perfectly in order if I were to confine my remarks to that subject.

Mr. Sinclair: The Minister of Trade and Commerce has just explained that an act is

to be amended shortly, and will be brought before the house, at which time some of the points brought up today by the hon. member can be discussed properly. Therefore it is merely a matter of deciding whether he would insist upon it now—that is, insist upon having replies to his questions—or whether he should wait until that time. If he insisted now, he would be out of order.

This bill has to do with a subsidy to aid in the actual cost of producing gold, for the present market price of gold. We have had other measures of assistance. The effect on the market price is something quite beyond the range of the Minister of Mines and Technical Surveys. The Minister of Trade and Commerce has pointed out that later in the session the Minister of Finance will introduce a measure to amend the Currency Act, at which time the value of gold, so far as currency is concerned, can be debated. I submit that so far as this bill is concerned, it is a measure to assist the mining industry and has no connection whatsoever with the price of gold either as a commodity or as a basis for currency.

Mr. Fleming: I think the observations of the parliamentary assistant clarify the matter adequately. He has pointed out that a measure to which he has referred, but which has not yet been introduced, will relate to the gold backing for currency. But I am not discussing that matter here at all. What I am discussing is the price paid for Canadian gold production by the United States government. I am not talking about the gold backing of Canadian currency at all. I am talking about the price paid for Canadian gold production by the United States government, which buys it.

Mr. Fournier (Hull): That does not relate to this section at all.

Mr. Fleming: If this were not the first section of the bill, perhaps the Minister of Public Works would have some grounds for his observation. But may I remind the committee that this is an amendment designed to extend for a period of two years a bill which otherwise would lapse at this time, a measure designed to give a particular type of assistance to the gold mining industry. It is a type of assistance by way of subsidy, and would not be necessary if the kind of measure I am proposing were put into effect, namely an adequate price for Canadian gold, when it is sold. That is the purpose of my question.

I note that the Minister of Finance has now returned to the house. Perhaps we could save time if I were to put the questions to him. If I am permitted to do so, I think we would move along quickly.

Mr. Laing: All mixed up, just like in housing.

Mr. Fleming: We have just heard from someone who has just come in, and who knows about as much about the subject under discussion, and the background of it, as someone sitting away in a far room in the building.

Mr. Laing: Just the same as housing.

Mr. Fleming: The hon. member should not refer to housing. He supported a delay by the government last year in building veterans' houses at Fraserview which cost this country ten months' delay and $400,000 in additional cost.

The Chairman: Order. I think the hon. member will agree that I have tried to be fair, in order to give him an opportunity to ask his questions. Now, someone has to make a decision; we cannot carry on forever a discussion as to whether or not some question should be asked, or whether replies should be made now or later. If on the one hand the Minister of Mines and Technical Surveys, the Minister of Trade and Commerce and the parliamentary assistant to the Minister of Finance claim that it is not in order for the hon. member to put some of the questions he has asked, then I believe that would give me sufficient support to decide that the questions are not in order on this section.

Mr. Green: May I—

The Chairman: Order. There are ministers and other members on the government side who have a knowledge of these matters. If they say the questions are not in order I am inclined to accept their statement. The hon. member has tried to get further replies to his questions and they do not seem to be forthcoming. He has asked me to co-operate, but I submit that the discussion should be strictly relevant to the section before the committee.

The hon. member has said that a general discussion is relevant under section 1. It seems to me that the general discussion on this bill has taken place and then he has proceeded to ask questions. He asked a few questions to which he received replies, and then the question arose as to whether his later questions were in order. I think the general discussion has been terminated and as soon as hon. members are through asking questions this section ought to carry.

Mr. Green: I would point out that the Minister of Finance has come into the house since the statements were made by his parliamentary assistant and the Minister of Trade and Commerce. I think that alters the whole picture, as the Minister of Finance is obviously able to answer these questions.

Your Honour has not ruled that the questions are not relevant to the bill. The fact that another minister has said that they should not be asked is not proof that they should not be asked.

Mr. Abbott: I am not sponsoring this bill. My function so far as this bill is concerned is to see that there is enough money in the treasury to pay for this assistance. I am sure that my colleague the Minister of Mines and Technical Surveys is quite able to answer any proper questions which are asked in connection with a measure he is sponsoring.

Mr. Green: The Minister of Mines and Technical Surveys has not been able to answer the questions.

Mr. Fournier (Hull): That is what you say.

Mr. Green: I submit that we should not be met with a blank wall to the effect that because this is his bill and he cannot answer the questions, therefore we are not to have them answered.

Mr. Dickey: They are not relevant.

Mr. Green: These parliamentary assistants should not be chipping in.

Mr. Fournier (Hull): On a point of order—

Mr. Green: I am speaking on a point of order.

Mr. Fournier (Hull): I thought you were speaking about gold.

Mr. Green: This question has been asked and it should be answered.

Mr. Fournier (Hull): What question?

Mr. Green: Time and again we have had the experience of a minister not being able to answer a question and a colleague sitting in the house will help give the answer. There is no reason why that should not be done today. This is a complicated matter and I quite understand that the Minister of Mines and Technical Surveys may not have the answers to all the questions that properly could be raised. I submit that the sensible thing to do is for the Minister of Finance to answer the questions and get this over with.

Mr. Fournier (Hull): I suggest that the sensible thing to do is to follow standing order 58 which states:

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

We have had a general discussion on this bill. You cannot make me believe that after having spent two days talking about gold there has not been a general discussion. The chairman has ruled that the general discussion is through.

Mr. Green: The chairman has not the power to say there can be no more general discussion.

Mr. Fournier (Hull): I suppose you are the one who is going to decide what the chairman can do?

Mr. Green: All the chairman can do is rule whether the question is proper.

Mr. Fournier (Hull): I ask the chair to decide whether we are following standing order 58 which I have read. I think that would settle the matter. If the chairman has not the power, I suppose the committee has the power.

Mr. Green: That standing order merely says that the discussion must be relevant to the question.

Mr. Fournier (Hull): To the clause.

Mr. Green: To the clause. It does not say Your Honour can rule arbitrarily that there shall be no more discussion. I am sure Your Honour does not intend to make any such ruling.

Mr. Fournier (Hull): That is not what we are asking for.

Mr. Green: We have the situation here that the minister who can answer the question is present. I suggest that he answer it and get this over with.

The Chairman: The point at issue at the moment is not whether someone in the cabinet is capable of replying to a question that has been asked; the point is whether the question asked is in order. I do not think hon. members would expect the chairman to have a complete knowledge of every bill coming before the committee. I listened to the debate on the resolution which preceded this bill, and I listened to most of the debate on the second reading, and I know the discussion was quite wide. When we commenced proceedings in committee the hon. member for York West spoke in general terms, as did the hon. member for Kootenay West. Then the hon. member for Eglinton began to ask a series of questions. Hon. members know that generally the indication that the general discussion is over is some hon. member beginning to ask a series of questions. Once such questions are asked and the minister begins to reply I consider that the general discussion is over.

That does not mean I am ruling that the general discussion is over, and the hon. member is quite right when he says I cannot arbitrarily decide that. I have never done that. I think hon. members will agree when I say the indication that general discussion on the first clause is terminated is when

some hon. member begins to ask a series of questions and solicits replies from the minister.

Then as to whether the questions asked by the hon. member for Eglinton are in order, the Minister of Mines and Technical Surveys says they are not; the Minister of of Trade and Commerce says they are not.

Mr. Green: Very poor authorities.

The Chairman: What would the hon. member do if he were in my place?

Mr. Green: I would rule that the questions were in order.

The Chairman: That is what the hon. member would like me to do. The ministers on the other side contend that I should rule they are not in order. The minister sponsoring the bill should know more about this bill than I do.

Mr. Green: He should know the answers to the questions.

The Chairman: I think he does know. Therefore the questions are not in order and there will be no answers forthcoming. I think it must be admitted that we have spent enough time on the proceedings, and hon. members must agree that I should give a ruling on this matter. My ruling is that the questions asked by the hon. member are not in order.

Mr. Knowles: The proposed amendment makes a change in the basis on which assistance is to be calculated. Can the minister say what will be the cost of this change?

Mr. Prudham: Subsection 5 of section 3, enacted in 1951, was intended to modify the assistance payable in respect of the last quarter of 1950. Experience has shown that some mines would receive less assistance than was intended. Those mines whose rate of assistance was less than $3.50 were penalized because there was no provision in the formula to allow their actual rate of assistance to be used rather than $3.50. There are five mines affected by this change and the amount of money involved will be nearly $37,000. The mines will receive that much additional assistance.

Mr. Knowles: Is that assistance for one year only?

Mr. Prudham: It is for the last quarter of 1950.

Mr. Knowles: In view of the fact that the provision is for the last quarter of 1950, why is it provided in this bill that this section shall be deemed to have come into force on the 15th day of June, 1948?

Mr. Prudham: That is when the act was first passed.

Mr. Fleming: I should like to ask the minister what the government is proposing to do concerning the present policy of the international monetary fund with respect to the marketing of gold.

Mr. Fournier (Hull): On a point of order, Mr. Chairman, I think this is completely outside the scope of this clause.

Mr. McCulloch: He knows it, too.

Mr. Fleming: This question is very important to this present measure.

Mr. Fournier (Hull): It may be important but it is out of order.

Mr. Fleming: I am glad the Minister of Public Works is not, among his other attributes, chairman of the committee.

Mr. Fournier (Hull): I am a member of the committee and I say it is out of order.

Mr. Fleming: I am not going to accept his rulings.

Mr. McLure: Don't take any back talk from him.

Mr. Fleming: I don't intend to. I am asking a quite relevant question on a matter of great importance in relation to the bill. I deplore the length of time that has been taken up here today by the government in fending off questions which were quite simple and admitted of ready answers. We could have been through with the bill long ago if we had had a little co-operation from the ministers.

Mr. Fournier (Hull): I know why the hon. member is delaying the passage of the bill.

The Chairman: Shall the clause carry?

Mr. Fleming: Mr. Chairman, I asked a question of the minister.

The Chairman: If the hon. member is asking for a ruling, I will rule that in my opinion his question is not in order on this clause. Shall the clause carry?

Mr. Fleming: No. What steps, if any, is the Canadian government contemplating taking with respect to freeing the marketing of Canadian gold?

Mr. Fournier (Hull): Mr. Chairman, I maintain that question is also out of order. If the hon. member asks what is the policy of the government under clause 1 of the bill it is written in the bill, and the minister would answer to that effect, but I think we should not cover the whole field of monetary reforms and banking practices throughout the world on this clause.

Gold Mining

Mr. Green: This bill deals with assistance to the gold mining industry. I submit the question the hon. member has asked is perfectly in order and in line with questions—

Mr. Fournier (Hull): Let us take a vote.

Mr. Green: —asked earlier in the afternoon. I cannot understand why the house leader should now get up and arbitrarily take the stand that the question is out of order.

Mr. Fournier (Hull): I think it is unparliamentary for a member to say that the chairman is acting arbitrarily.

Mr. Green: I did not say that the chairman was acting arbitrarily.

The Chairman: I did not understand the hon. member to say the chairman was acting arbitrarily.

Mr. Green: I said the house leader.

Mr. Fournier (Hull): Then I object because that would really be unparliamentary.

The Chairman: It seems to me that some hon. members have important questions to ask relating to gold and assistance to the gold mining industry in Canada. They are very important questions to these hon. members, but they should not try to get all their replies on this bill, which is an act to amend the Emergency Gold Mining Assistance Act. There will be other occasions on which they can ask their questions and get replies. Why should they insist on having important replies to their important questions on this particular clause? I have listened to the line of questioning of the hon. member for Winnipeg North Centre. He was perfectly in order, and if hon. members want to have a model as to how they should conduct themselves—

Mr. Sinclair: Oh, spare us.

The Chairman: —they should follow his example. He was perfectly in order.

Mr. Knowles: Members to your right, Mr. Chairman, please note.

The Chairman: The hon. member for Vancouver-Quadra says the questions asked now by the hon. member for Eglinton are along the line of questions asked earlier. Those questions were asked by the hon. member for Eglinton, and it is his questions that have brought about this whole discussion on procedure. It is his questions concerning which so many points of order have been raised. If hon. members still insist on asking questions which are thought by the minister sponsoring the bill or somebody else on this side of the house not to be in order, I will have to make a ruling. In my humble opinion this clause has to do with the calculation for 1950. Questions will be relevant only in so far as they relate to that clause, and I do not think some of the last questions asked by the hon. member for Eglinton are strictly relevant to the clause under discussion.

Mr. McLure: Introduce closure.

Mr. Sinclair: Here is the model, Tennyson's brook.

Mr. Knowles: Mr. Chairman, I shall certainly make note of your recent remark and will probably have occasion to refer to it later.

Mr. Green: I would not count on it too much.

Mr. Gibson: Don't take it too seriously.

Mr. Sinclair: We all make slips, even the chairman.

Mr. Knowles: Careful, now; that is out of order. May I ask the minister whether the five mines which will get the $36,000 as a result of this new calculation are mines which have already received amounts of money in the lower brackets, middle brackets or upper brackets, as set out in the report of the operations under the act? Perhaps the minister would indicate what amounts these companies have already received and what amounts they will now receive.

Mr. Prudham: Possibly I can dig that out. It will take some little time to locate it. I do not wish to divulge the names of the mines because I do not think that is called for.

Mr. Gibson: That would be in the public accounts.

Mr. Knowles: I was not asking for that now, but I would assume it would have to be divulged sooner or later. After all, they are all listed in this report and that information would be published sooner or later. However, I was not asking for it now. In terms of the principle, I was asking whether the money will go to mines that have received some of the larger sums listed in the report or to mines which have received smaller amounts?

Mr. Prudham: If it is agreeable to the hon. member, I would be glad to dig that out and show it to him later. I have the chart here but it will take some few minutes to make comparisons. I do not know exactly what he means by the upper brackets and the lower brackets. These mines all need assistance or they would not be applying for it.

Mr. Knowles: I suggest that we call it six o'clock so that at eight o'clock—

Mr. Fournier (Hull): I move that the committee rise, report progress and ask leave to sit again.

Motion agreed to.

Section stands.

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

SUPPLY

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

DEPARTMENT OF TRANSPORT

463. Departmental administration, $1,370,576.

Mr. Chevrier: When the committee adjourned on Friday last I was dealing with some of the points that had been under discussion during the consideration of these estimates. I believe I can cover the remaining points in a very few minutes. The hon. member for Winnipeg North Centre again raised the question of pensions for retired employees of the Canadian National Railways, and frankly I must say to him that I cannot see the point in his argument nearly as well as I could a year ago. The position I have taken all along is that this is a matter for the officers of the Canadian National Railways to determine with its employees.

I say that I cannot see the point of the hon. member bringing it up again this year, because the position is entirely different now than it was then. For instance, the hon. member said he must draw the attention of the government to it until something is done. Something has been done; something very tangible has been done. The pension rules of the Canadian National have been revised very substantially and very favourably, I understand, to the men. They have been revised in two ways: First, by amendments to part I. Part I provides a basic pension and the opportunity of contributing to a supplementary pension. Employees may also transfer from part I to part II. Second, by part II of the plan which was designed to give employees the opportunity of increasing their pensions.

I think I could do no better than to put on the record a statement made by Mr. Donald Gordon, the president of the Canadian National Railways on Tuesday, April 29, in the committee on railways and shipping, which appears at page 111 of the report. He said:

> Now, these men you are talking about did not choose to take advantage of that opportunity and that is why when their services terminated they received this small basic pension.

He is referring to the $25 per month basic pension.

> That pension is now augmented to an extent by the old age pension and that brings the amount received up to as much as $65 a month. And now, as regards the C.N.R. increasing the basic pension, that would be meaningless, it would simply mean that the C.N.R. would be paying the additional sum instead of the provinces paying it. Most of these people would become eligible at age 65 or over. In connection with that I may say that the labour representatives supported our view on this point and in that respect I would like to quote to you from a letter.

Then he is asked about the date of the letter, and he says the letter is dated March 31. I should say that this letter is from Mr. Hutchinson, who is chairman of the brotherhood committees. The letter reads:

> The expressions of opinion appeared to be almost universally in approval of the improvements which have been made.
>
> Some of those who did not contribute toward annuities expressed disappointment that their lot is not improved but could not seem to impress the meeting that they were entitled to very much consideration on account of the fact that they had not made any effort to improve their lot.

Then Mr. Gordon goes on as follows:

> Now that, as I say, is the view of the men themselves in a meeting assembled on this specific point. And so far as the C.N.R. management are concerned, we do not feel that we have any obligation in logic to recommend an increase in these so-called basic pensions by reason of the changed position arising out of the old age pension plan; because, again I emphasize that with a means test involved, if we were to increase the pension then it simply means that the C.N.R. would be paying the increase and not the provinces.

So much for the attitude of the management of Canadian National Railways.

Then the hon. member says this question must be considered by the minister and by the cabinet for action by the government without delay. Well, the cabinet and the minister considered this very thing. The management of the Canadian National Railways submitted a revision of their pension plan. We saw no objection to it, in fact we approved it after giving it careful study and said, "Go ahead; we think it is an improvement." The hon. member says it is for me to act. I do not think it is. The Canadian National Railways management means something or it does not. It has been appointed to administer the system and the affairs of its employees, and surely there must be a division of things. There may come a time when further changes are suggested. When changes are suggested, as I have said in the

house and as I repeat now, it will then be the duty of the government to consider the requests or recommendations made by the officers of the Canadian National Railways. If the men, in conjunction or in co-operation with the management, want to submit to the government an additional plan to increase or revise the basic pension, the government will give it consideration. The government will not necessarily turn it down. The position I have taken all along is that it is for the management to determine what action should be taken. They have determined the action that should be taken, they have referred it to us, and we have approved of the position. For the time being I think the matter should be considered in that light.

Then the hon. member discussed the question of grade crossings, and asked that I put on the record some facts. I believe I can do it fairly quickly. With reference to the grade crossing fund, the amount available for expenditure as of April 1, 1952, was $1,985,000, roughly. The commitments against that fund as of the same date were $1,246,000, leaving a balance of, roughly speaking, $800,000. The hon. member wanted to know something about the commitments outstanding. There are sixteen commitments outstanding against the railway grade crossing fund at the moment, amounting in all to $1,246,000, which provide for an estimated amount of work totalling $5,170,000. Perhaps my hon. friend would like to have them broken down by provinces. These commitments are as follows: British Columbia, $28,000; Alberta, $201,000; Saskatchewan $18,000; Manitoba, $29,000; Ontario, $414,000; Quebec, $426,000—I may say I am giving round figures here—New Brunswick, $37,000 and Nova Scotia, $89,000.

Mr. Knowles: Are those commitments for projects being proceeded with at the present time?

Mr. Chevrier: I should like to be clear on that point. Those are commitments against the fund. Those are judgments handed down by the board of transport commissioners. A judgment might be handed down today and the municipality might decide not to go ahead with it; but that is still a commitment against the fund. In the list that I gave there are at least two such cases.

Mr. Knowles: Does the minister have readily available the number of projects involved in each province, in lieu of these commitments?

Mr. Chevrier: I gave the total number as sixteen. I could tell the hon. member—I have the figures here—but it would take me some time. For instance, here is one for Nova Scotia. There are two for Toronto. There is one for Alberta, one for New Brunswick, one for the city of Oshawa and another for the province of Saskatchewan.

May I now come to two other matters that are extremely embarrassing to me because they are before the courts, Mr Chairman. They were raised by the hon. member for Bow River and the hon. member for Lethbridge. One has to do with the question of agreed charges and the other with the question of freight rates and the one and one-third rule, both of which questions are now pending before the board of transport commissioners. As to the first one particularly, the board is sitting on it today in the city of Regina.

Mr. Green: Did they not make a ruling yesterday?

Mr. Chevrier: They made a ruling on one point only. I am prepared to deal with it. I want to bring it to the attention of the committee. I interrupted the hon. member the other evening and said that I thought perhaps he had put enough on the record and hoped he would feel that he had gone far enough; but the hon member proceeded, and I was not going to raise the point. But the hon. member knows that this matter is now being discussed in Regina by a court of record, namely the board of transport commissioners. He having put the case on record, I feel I should take some time to dispose of it; but I am in your hands, Mr. Chairman.

The Chairman: Does the minister feel that this question is sub judice?

Mr. Chevrier: Unquestionably it is.

The Chairman: If it is sub judice, he cannot refer to it. I do not remember the incident. I think it might have taken place while I was absent from the chair. I do not recall the point of order having been raised.

Mr. Argue: On a point of order, Mr. Chairman, may I say that one matter the hon. member for Bow River raised was the fact that the trucking association was not given a hearing or might not be given a hearing before that board, and whether or not an amendment to the Transport Act should be brought down at this session in order that the board of transport commissioners might hear the trucking association. I would point out that, according to a Canadian Press dispatch this morning, the truckers have been refused a hearing. It has already been decided, by a ruling of the board of transport commissioners, that the trucking association cannot be heard

before that board. Because that ruling has been made, I would say that particular aspect is certainly not sub judice now.

Mr. Chevrier: I am not going to deal with that point because the board is still sitting and will sit tomorrow on the case. I happen to know that. In any event, that was one point only that was decided before the case proceeded to the evidence stage. But since those people made representations to me personally I think I could deal indirectly with them without perhaps touching on the points that are now before the court. It will not, however, be a complete answer to my hon. friend.

The point arises out of an agreement made between the railways and certain oil companies in the province of Saskatchewan for the transportation of their oil and petroleum products. The requests of the truckers, to me at least, were that they should be allowed to appear before the board. The statement of the hon. member for Bow River was to this effect: Why should not the truckers be allowed to appear when the railways are allowed to appear before municipal boards in the various provinces? Of course, the answer to that is quite clear. The act indicates who is a carrier, and it was the act passed by this parliament. The provincial municipal board also defines those who may appear, and in the case of the Canadian National Railways it so happens that they own trucking operations in some of the provinces and are therefore free to appear. The definition is quite clear, I think.

Then it was suggested that the government should amend the Transport Act in order to allow them to appear. The government gave careful consideration to that suggestion after the representations made to them by the Canadian Automotive Transport Association, with a particular representation from the province of Saskatchewan. Here I pause to say that no one made stronger representations on behalf of them than did the Minister of Agriculture and the hon. member for Regina, in support of the contention that these truckers should be allowed to come in and make their case. The government carefully considered the point and came to the conclusion that it would soon have to determine the broader question of whether or not, following the recommendations of the royal commission on transportation, it should take over interprovincial and international trucking or in other words regulate those forms of trucking. Since a decision on the one question would have meant a decision on the broader question, we thought that, at this time at least, we should not decide in favour of allowing them to come in as a carrier. If we had done so, I think there was a neat constitutional point in that we might well have been told that we were infringing on provincial rights since, by the definition of carrier, we were attempting to regulate to some extent provincial operations of truckers.

Then again the act, to which I do not want to refer in detail, clearly covers the point raised by my hon. friend, namely that anybody who, being a carrier or a shipper, feels that he is aggrieved or affected, can protest before the board of transport commissioners; and I understand that is what is being done now. There are a number of shippers who are not parties to the agreement with the Canadian National Railways or the Canadian Pacific Railway and who are at the moment protesting against it. I cannot go any further because, as I say—

Mr. Johnston: May I just ask a question of the minister?

Mr. Chevrier: May I just finish my statement. As I say, I cannot go any further because the case, as my hon. friend knows or should know, is before the court.

Mr. Johnston: The question I wanted to ask the minister was this. While some of these companies are appearing before the board, it is only through the courtesy of the board that they can do so, it is not? They have no legal right to do so.

Mr. Chevrier: Mr. Chairman, I have covered that point. My hon. friend was not in his seat when I did so. Perhaps he will look at my remarks as they appear in *Hansard*.

Mr. Johnston: I did not know the minister was going to be on tonight or I would have been here earlier. I was in my room, and I came down as soon as I knew he was on.

Mr. Chevrier: The other point raised by the hon. member for Peace River is one that I feel I should deal with because I think he has—and I say this with great deference—and for the lack of a better word let me say magnified the dangers to the province of Alberta in so far as the present position with regard to transcontinental rates is concerned. The position as I understand it is this. The one and one-third rule has not been disturbed in the slightest degree by any decision of the board. The one and one-third rule still remains. What has been done is that a very small number of transcontinental rates have been increased by the two railways.

Mr. Low: Can the minister say how many?

Mr. Chevrier: Well, I would think roughly eight or ten, but I am guessing when I say that.

Mr. Green: The key commodities, though.

Mr. Chevrier: On commodities such as iron pipe, canned goods and fish. My hon. friend says "key commodities". The categories of key commodities have been changed. For instance, while carloads could be moved on a transcontinental rate from one part of the country to the other, in certain instances it is not possible to move a carload of 60,000 pounds but one may move 30,000 pounds or 40,000 pounds. This I think does not entirely eliminate the benefit of the rates that existed before. The point I want to deal with is this. The benefit of the one and one-third rule still remains. I think what my hon. friend was aiming at was the fact that the board heard and determined the application made by the three or four western provinces with reference to the $7 million subsidy. It heard that, and there was a difference of opinion between Manitoba, which argued in favour of a per 100 pound basis subsidy, and the other provinces, which argued in favour of a percentagewise subsidy. They maintained that since freight rates had increased by percentages, they should also decrease in so far as the subsidy was concerned by percentages. The board found a formula which took into account the 100 pounds idea and the percentage idea. It was a compromise which seemed to be agreeable, as I understand it, to all the provinces save Alberta.

I am informed that Alberta launched an appeal against that decision. Since then I am told the province of Alberta has withdrawn its appeal, which would indicate to me that the advantages to be gained by the decision of the board under the $7 million subsidy are satisfactory to the province of Alberta.

There is one other point I wanted to make, namely that the board is still continuing the investigation under P.C. 1487. It is hoped that under that it will be possible to equalize freight rates, and undoubtedly out of the equalization the province of Alberta, as other western provinces, stands to benefit a great deal.

The hon. member for St. John's West raised one or two problems with reference to the Port aux Basques ferry. That work is proceeding satisfactorily. There was a change in the design which caused some delay, but since then that has been ironed out, and I am informed by our officers that the plans for construction are going ahead quickly.

With reference to the two coastal steamers of the Bar Haven type, the Canadian National Railways, who are charged with the responsibility of operating those steamers, have asked for tenders. Those tenders are being considered now and the contract has not been awarded.

There are a number of other detailed questions which the committee would not expect me to deal with at this moment. I think I can dispose of them at a later date.

Mr. Green: May I ask the minister about the questions asked by the hon. member for Cumberland?

Mr. Chevrier: Yes; the hon. member for Cumberland dealt with a number of questions, one of which was in regard to the closing of certain stations. All I can say there is that stations are closed by order of the board of transport commissioners. Hearings are held before the board, and no doubt the particular station to which my hon. friend has reference was dealt with in that way. I presume that before the station could be closed the railway in question, the Canadian National Railways or the Canadian Pacific Railway, would have to make application to the board; and it is the board, not the department, that determines the question.

He also dealt with the dieselization of locomotives and the protection of the coal mining industry of Nova Scotia. Well, that is a broad question, with which the president of the Canadian National Railways dealt at length in the committee on railways and shipping. I would refer my hon. friend to the sessional committee of railways and shipping, and particularly the hearing on Tuesday, April 29.

He also asked that I make a statement with reference to power resources and development in the province of Nova Scotia, as raised by the hon. member for Westmorland. I would not attempt to deal with that. The Department of Transport is not charged with the responsibility for power development. True, it is interested in questions of that nature, but it would not be a matter for me to handle in this department.

With reference to the contribution of the province of Nova Scotia to the causeway project, about which the hon. member inquired, it is $5,500,000.

Mr. Green: If I may clear up these questions, he also asked about the possibility of double tracking the Canadian National line from Moncton to Truro and through to Sydney, referring particularly to the line from Truro to Sydney. In addition, he asked for a statement about the position of the Chignecto canal and about the Amherst airport, and then about shipbuilding in Nova Scotia.

Mr. Chevrier: Well, it is pretty difficult to cover all of that.

Mr. Knowles: We will give you another forty minutes.

Mr. Chevrier: With reference to the double tracking, that is a question which comes up

fairly regularly in my estimates. Again, it was dealt with by the president of the Canadian National Railways, I think fairly effectively, at the sittings of the committee. All I can say now is that the fact it has come up in the house requires me to bring it again to the attention of the officers of the railway, which I shall do.

With reference to the Chignecto canal, there is no change. A reference was made to the royal commission on transportation, and I need not repeat what the royal commission found in so far as that project is concerned. They made a recommendation. The committee is familiar with the report. Everyone has the report, and the recommendation can be found there.

With reference to the Amherst airport, if I remember rightly that airport is being turned over to the Crown Assets Disposal Corporation.

Mr. Green: It is a municipal airport.

Mr. Chevrier: My recollection is that the airport in question has been requested by the municipality. In other words they want the return of the land so that they can use it for municipal purposes. As I remember the correspondence with the hon. member for Cumberland and the mayor of Amherst is to that effect. I may be wrong. My recollection of the whole matter is that the land in question is to be assigned to the Crown Assets Disposal Corporation so they may return it, sell it or dispose of it to the municipality.

Mr. Green: Perhaps the minister can check that. I take it from the purport of the hon. member's question that what he was asking for was help for the airport, an improvement of the airport.

Mr. Chevrier: I will check on it.

Mr. Low: I should like to say a word or two in connection with the statement the minister has made. I thank the minister for the information he has given in connection with the freight rates situation, but I think perhaps he was in error when he suggested that Alberta had withdrawn the appeal against the board's division of the subsidy because we appeared to be satisfied with that division. Actually the reason the Alberta government withdrew its objection was that the Canada Steamship Company appealed the case against the board. That case is proceeding now, I understand, and therefore I cannot discuss it. As a matter of fact we in Alberta feel that when the board made its decision in respect to the division of the $7 million subsidy, partly on the basis of percentage and partly on the per 100 pounds involved basis, they were yielding to the interests within the city of Winnipeg and were considering their welfare in preference to that of the whole of western Canada, particularly in Saskatchewan and Alberta. That matter was argued fully before the committee; and I am quite sure the people of Alberta feel that was an unfair division of the $7 million.

There was another point I wished to mention to the minister, and it is this: The whole burden of the main part of my statement the other day was that, without any change in the competitive situation in the past six or seven months, the Canadian Pacific Railway did file with the board a new schedule of transcontinental rates on seven or eight key items and that the Canadian National Railways, which all through the committee hearing last fall took the position the railroads could get by without increasing the transcontinental rates and could apply the one and one-third rule without it affecting their revenue, changed their position.

It was not very long, in fact the ink was not dry on the legislation we passed, until the Canadian Pacific had somehow or another inveigled the Canadian National into supporting it in posting a new schedule of rates. As I said the other day, the Canadian Pacific could not have done so alone; they had to have the support of the Canadian National. Here is our own Canadian National system rushing in before they had even given the new one and one-third rule time to be tried, to find out what the experience would be. They proposed, with the Canadian Pacific, a new schedule of rates which we think is completely unjustified.

As the hon. member for Vancouver-Quadra said, this affected a considerable number of important items, such as canned goods. Whereas the merchants in Alberta under the one and one-third rule in the transcontinental rates in effect until early this year could receive their canned goods from Toronto or other Ontario areas for $2.09, it has now jumped to $2.53.

Mr. Laing: Some of us predicted that in committee.

Mr. Green: But British Columbia is paying the most.

Mr. Low: The fact that it came about was not, I suggest, as a result of the prophetic powers of the hon. member so much as because of the weakness of the Canadian National Railways in permitting themselves to be led around by the nose by the Canadian Pacific. That is the protest I was making the other day. I say they went in, with indecent haste.

Mr. Laing: You would not expect them to have different rates, would you?

Mr. Low: No, I would not expect them to have different rates, because the Canadian Pacific simply would not dare operate under a different schedule of transcontinental rates from the C.N.R. That is why I say the culpable people are the Canadian National people; they could have held the line by simply saying, "Look here, you Canadian Pacific people, we took the position we could get along; and we would like to wait until we see what the experience is going to be. In any event it will not be serious for the time being. When we discover what the experience is, and how it will affect our revenue, we will be in a position to say whether or not we will join you in posting a new schedule of rates."

That is all that was necessary. Certainly the Canadian National and the Canadian Pacific cannot, under the circumstances, try to operate on different schedules. That is why they got together. As I said the other day, before such an important step was taken, even with a small group of items such as the eight or ten mentioned, in view of what happened last fall and the position taken by the minister I think the Canadian National people should have gone to him and sought his advice before agreeing to join the C.P.R. in posting new rates.

Mr. Laing: You could get those canal boats running again.

Mr. Low: We ought to get something going. I do not know what the outcome of the Canada Steamship Lines case will be; but when that has been decided Alberta will make her decision with respect to her position.

Mr. Knight: Mr. Chairman, the last time this item was before the committee for consideration I had hoped to say a word or two about the Hudson Bay route. On that occasion I yielded to the minister, who wished to answer some questions already put to him on other subjects.

At the convention of the Hudson Bay route association held some months ago one of the delegates made the amazing statement that western members in the House of Commons were not assiduous enough in their pressure upon the government on behalf of this route. They did not state what members they meant, and of course I can speak only for myself. I may say that the remarks I am going to make now are not made as a result of that inaccurate comment, but simply as a continuation of what I have tried to do at every session since I came to the house in 1945.

I think the minister will have some conception of what I mean when I suggest that I believe I have devoted more time to the discussion of this particular subject than to that of any other subject with which I have been concerned. However, that is only a small matter. I can say that I have attended meetings of the association at various times, and made a personal trip to the port to look things over for myself.

Last summer I had the opportunity of interviewing representatives of Dalgleish and Company in Newcastle, the firm who have shipped most of the wheat out of the Hudson Bay port. Further than that, I had an interview at Saskatchewan House in London with Mr. Graham Spry, the Saskatchewan government trade commissioner over there. I am pleased to learn that we have had steady but slow progress in the matter of the use of that port.

I think I should outline this evening one or two of those things which give me satisfaction in this connection, and also to list three or four things which I think we might still remedy. First of all, I think there has been some lessening of eastern prejudice against the use of the port. Whether that prejudice ever existed is one point open to dispute; but I do know that a very common feeling in the west is that there are interests not too far from the city of Montreal who have always set their face against the development of a seaport for western Canada. I believe that prejudice, if it ever existed, is dying down. After all, these people should realize that the amount of wheat that is or ever can be shipped out of Churchill, due to the weather conditions at that port, can be only a very small drop in the very large bucket of the total wheat export of Canada. There has been an increase in wheat exports over the last number of years and I think we got up as high as 7,000,000 bushels the last crop year. But that is not enough. We would like to see the facilities used during the full period, which should result in at least 15,000,000 or 20,000,000 bushels being sent through the port in one year.

Another matter that has caused me satisfaction is the lowering of the insurance rates. This is vital to the success of that traffic. Another thing is the lengthening of the season to some extent. I believe the season could be lengthened still more by being stretched out at the end of the present season. It is perhaps a fancy of mine and may not be practical, but I have never understood why the period covered by insurance in any given season should be unalterable. Surely with our meteorological facilities we should be able to have a more flexible season.

When I was at the port a few years ago I had luncheon with a captain who was in charge of one of the ships coming to that port. He was quite disgusted because during

two days of perfect weather and calm seas, with no ice in sight, his ship was compelled to lie to, waiting immobile for the hour when he would be covered by insurance. It seems to me there should be some way of remedying this inflexible situation. I do not know whether my suggestion is practical, but I give it to the minister for what it is worth.

I am glad some use has been made of the grain drying facilities at Churchill. So far as I know they have never been used until this year. This is one of the finest elevators on the continent, and it was a good thing these drying facilities were available in order to help meet the crisis this year. There are those who say that it could have been handled to better advantage. There are others who say that some of our damp wheat could have been shipped up there and placed in annexes or even piled outside the elevator and use made of the drying facilities to an even greater extent. I think the nation, the government, the wheat board and everyone concerned got a break, if I may use the vernacular, in connection with our wheat this year. The damp wheat situation apparently is being coped with but success in this connection is perhaps due largely to the weather.

An hon. Member: No, to C. D. Howe.

Mr. Knight: I am quite prepared to give the minister credit for almost anything, but not for the weather. I am prepared also to pay a tribute to the government and the minister for the encouragement they have given to the use of that particular route. Some hon. members appear to be intensely political in connection with almost any matter raised in this house.

There are one or two things which still militate against the use of this route and which I think could be remedied. I believe there are about four altogether. If this port is to be successful there must be import as well as export trade. Import facilities would seem to be limited during the time export operations are being carried on. Nevertheless I believe there are import facilities at the port which are not being used to their full extent. I would urge business firms, chambers of commerce and boards of trade throughout the prairies to encourage the use of this port. It is their own port and they should make greater use of it.

The Saskatchewan government has done something in the way of setting an example. In connection with bringing in heavy machinery or other imports from England they have ordered them brought in through that port. This created some savings to themselves and to the taxpayers of the country. If private business firms would follow that example greater use would be made of the port. Of course they are doing that to a limited extent.

Then there is the matter of the necessary annual importation of stevedores, dockers and other labour to take care of the loading of the wheat and the unloading of imports. The solution of this problem is the further development of the whole north. I think Canada's future lies in the north. When the north country is developed in whatever way it can be developed there will be more population. There would be a greater population at Churchill and we would have a native supply of labour to handle loading grain in what is an all too short navigation season.

At present these men must be brought in from Montreal; and while I am ready to admit that they do the work satisfactorily I have heard of one or two instances where they have seemed to regret having to work at a little place like Churchill. They have indicated that they thought it was rather small potatoes. I think we would do better if there was a labour force living right there and taking some pride and interest in the port.

Then another thing is the lack of feeder lines to the port. If one looks at the map he will see there are certain gaps. We would like to see a network of east and west lines leading into The Pas in Manitoba, which is the railway centre through which the grain is shipped. In his remarks the other night the hon. member for Melfort referred to two lines, one from Reserve Junction to Arborfield and the other from Melfort to Carrot River. We look forward to the time when those lines can be extended to The Pas.

Another thing which is hindering the use of this port by grain companies and individuals is the diversion charges on grain passing through Churchill. My own definition of these charges is that they are money paid for services not rendered. The savings made by using Churchill, and they are very considerable, are cancelled out by these diversion charges. I do not know what the amount is, but I believe it is about a cent and a half per bushel. I want to say in the strongest words possible that these charges are unnecessary and iniquitous. They should be abolished. In connection with this hindrance to the use of this route I should like to quote from the Alberta wheat pool budget which under the heading of "Churchill Savings" states:

On wheat exported through the port of Churchill on Hudson bay during the 1950-1951 crop year the wheat board received an average premium of 4·96

cents a bushel on wheat sold under the international wheat agreement and 3·05 cents a bushel on class 2 wheat, over the Fort William-Port Arthur price. The board made a saving of $132,217.22 on freight on grain exported through this port but paid $139,560.91 in diversion premiums. This information was given in the House of Commons by Right Hon. C. D. Howe.

My hon. friend referred to him a moment ago. When I raised the matter with the Minister of Trade and Commerce he did not agree with me that these charges were iniquitous. There is one other short quotation on the same subject which I should like to give. It is from our local paper, the Saskatoon *Star-Phoenix*. In an editorial on April 5 it expresses the view held by most western people with respect to this matter. The editorial reads as follows:

> The existence of a diversion charge is bad enough in normal times. It means that the western farmer is making a donation to the terminal elevators at the lakehead and receiving nothing in return. It is one of the numerous obstacles that have been placed in the path of the development of Churchill, thereby preventing to some extent the growth of trade through the port with its consequent saving to prairie wheat growers. In short the farmer is paying to have himself kicked. But in this year when every facility of the trade has been necessary to move the crop it is a national scandal to pay money for service which the lakehead terminal could not provide in any case.

I say this impediment to the use of the port of Churchill should and must be removed. As I said before, I am grateful for such support of the route as has been given by the Department of Transport and the wheat board, and I urge that this support be continued and increased. Not only do I say this on behalf of my own city and my own province but also on behalf of all Canada, because a doubling of the present use of the facilities at Churchill with respect to the shipment of export grain would relieve the Canadian public of the present deficit which it has to pay. It is true the deficit has been decreasing, but it is still a considerable amount.

Mr. Murphy: I only wish to take a very few moments. As usual my comments are non-political.

An hon. Member: At this time?

Mr. Murphy: I see the parliamentary assistant to the minister laughing. I think he should know better because as a good friend of mine and also a very capable parliamentary assistant he will not mind my having made that reference. I do not think there will be any controversy about what I have to say. I wish to deal with two particular items. Like other backbenchers in the house I welcome the opportunity provided by the estimates to discuss a matter which I think is of interest to every hon. member. I want to refer first to transportation by private airline companies.

[Mr. Knight.]

Only today I received a letter from the minister in answer to one of mine. I might remind him that when I am attending the house he need not send my letters to Camlachie. The word is hard enough to pronounce, let alone spell, but when I am here he might address letters to me at the House of Commons. I know he will not take exception to that remark.

The matter I wish to raise concerns more than the particular case I have in mind. Recently a lad from Sarnia booked passage on the Queen Charlotte Airlines from Vancouver to some place a little farther north, though I thought Vancouver was far enough north for any white man to live. I see no exception is taken to that statement. The plane crashed and the young lad was killed. The minister was good enough to send me the general order of the air transport board covering the situation. The lad was a passenger on a private airline, and the same situation might arise with anybody's son or daughter or even with ourselves.

In looking at what material was available to me, I was rather disturbed to find that people taking transportation by such companies were limited in the amount of any claim they might make, and probably more so than any of us may have thought was the case. I know the minister will correct me if I am wrong, but it does not seem fair to me that a private airline company operating anywhere in the Dominion of Canada should be so privileged as they seem to be under these regulations. The liability of the air transport company is limited to a passenger liability of $20,000 per seat. I have had occasion at different times to travel on some of these private transport planes when I was in a hurry to get some place, and there were more passengers than there were seats. I think that in itself is important, though I do not say they should not be overloaded because at times we all want to get some place and we do not worry about it. I do not think that such a limitation on liability is fair to the people who travel by private airlines. I more or less felt that in taking transportation by such means people were fully covered. If I am wrong I know the minister will correct me, but I do not think the limit is high enough.

I have no explanatory notes covering this particular matter, but I cannot see why there should be such a limit in the case of any transportation company. Certainly most people carry some insurance, and I have always felt that when people travelled by air in this country or elsewhere the transportation company was liable for damages to the

degree that might be held fair in a court of law, and that the family of the person involved would be entitled to receive damages to that extent in any court in the land. I know the minister will investigate this case further, but I should like to point out that under general order No. 3-51 so far as public liability is concerned the limit for one person is $20,000 with a total of $40,000 per aircraft. I am going to say quite frankly, Mr. Chairman, that I do not think that is fair. I do not think it is a businesslike proposition to place before the Canadian people. I am inclined to the idea that this sort of legislation may have originated when air transportation or even sea transportation were in their infancy, but I should like to see a complete revision of the legislation. I do not think it is fair to the Canadian people or to anyone else who might be travelling on a Canadian line.

The other item to which I wish to refer, Mr. Chairman, concerns property damage. Under this same general order No. 3-51, there is a limitation of $5,000 per aircraft per accident. I shall moderate my language in describing that limitation, and say that I believe it is extremely unfair, that is if I am interpreting the order correctly. All too often in recent months we have found property damage running much higher than that when accidents have occurred. I am not going to pursue that argument because I think it is so apparent to everyone in the house that this order should be overhauled in order to permit a guarantee that would be in keeping with Canada's status. It would be regrettable if an accident occurred in which some people suffered damages as high as $25,000 or $50,000, and this limitation enabled the company to set its liability at such a small amount. I am not going to pursue the matter, Mr. Chairman, but I think it is one of those things to which we should give some study today. While it may not have been drawn to the attention of the department before, it seems obvious that this order needs revision.

The other point to which I shall refer, Mr. Chairman, is something that I think applies to all of us. I rather hesitate to mention any particular incident—I am not going to refer to the item when it is called—but I should like to refer to the subject of damages that might accrue to any person or persons as the result of a fire or other accident to a passenger boat. Not so many years ago there was such an unfortunate occurrence, apparently through no fault of the captain, who was a most capable officer. Perhaps I should refer to the particular incident so hon. members will know to what I am referring. I refer to the fire which occurred on the steamship *Noronic* while it was docked in Toronto. Court actions were instituted both in Canada and the United States. Most of the passengers were United States citizens. In this country we welcome the United States citizens as tourists, whether they come by car or any other mode of travel.

The point I am making is this. I believe the liability of a steamship company for damages is limited according to the tonnage of the boat. In this particular instance the ship was carrying several hundred passengers and a certain amount of freight. While any court in the Dominion of Canada may have found damages, and rightly so, to the extent of several millions of dollars, we find that under our present legislation the steamship company's liability was limited on some tonnage basis. It has occurred to me that perhaps the limitation was proper years ago when we had sailing vessels, but it seems to me that in this advanced stage of our development we must recognize our responsibility. I believe the government has a responsibility to see that any passengers who desire to take a vacation on a Canadian ship are not faced with such a limitation on liability as this legislation seems to impose.

Mr. Robinson: There is no limitation in the case of gross negligence, is there?

Mr. Murphy: It is a long time since I studied any law, so I am not going to enter into an argument as to whether or not there was gross negligence. That would be a matter for the courts to determine. The point I am making is this. I am not going to argue the point about negligence, but wherever a disaster occurs the people should not be faced with such restrictions with regard to liability as are now apparent. I think that is unfair to any passenger who may embark on a cruise, no matter whether it be in Canadian or international waters. I may be wrong in my assumptions but after all, Mr. Chairman, I know from my personal knowledge that because of the limited liability in the particular disaster to which I referred some families who were left with two or three dependents received only $2,000 or $3,000 as damages, whereas in our own courts, for whom we have the greatest respect and where there is no limitation for damages in actions other than those of this sort which are limited by order in council or by a statute, they could have received a great deal more.

If I have misappraised this idea I am sorry, but I am now only going on what I know has happened. I feel that we in Canada should take it upon ourselves through the government to see that regulations and

restrictions with respect to damages arising from accidents, either on airlines or on the sea, be revised at an early date.

Mr. Kirk (Digby-Yarmouth): Mr. Chairman, may I take a few moments to speak on a subject which was mentioned by the minister when he spoke in the chamber on Friday last. I refer to the question of a water connection between the town of Yarmouth, Nova Scotia, and a port in the New England States. I do not intend for a moment to review, as I have on previous occasions, all the various factors affecting this situation; but I think the committee should realize that when I raise this matter I am discussing a service that has been in effect between Yarmouth and the New England states for over fifty years.

When world war II came along the service was discontinued because of the need for ships for overseas purposes. Following world war II the service was re-established on a part-time basis. The service operated only in the summer months, whereas prior to 1940 it had run both summer and winter. Following the war the ships had only been in service for a year or so when the owners, the Eastern Steamship Lines, announced that they intended to sell their ships at the first opportunity.

When you have had a water service for some fifty years or more you can imagine what it does to business in that area when it is learned that the service may be discontinued. All avenues were explored and on December 7, 1949, the Minister of Transport announced that an automobile-carrying ferry would be built to operate between Yarmouth and a port in the New England states. Of course that announcement was a great relief to Nova Scotians in general and particularly to those of us who live in the southwestern end of the province.

Then in June, 1950, the Korean outbreak took place. Some two or three months later it was necessary for the minister to announce that, because of the steel shortage, it would be necessary to postpone the building of the ferry. Then, in the early spring of this year the papers in the province of Nova Scotia and in the New England states were filled with articles to the effect that the sale of the Eastern ships had been practically consummated, that the ships would not run this year, and there would be no service between Yarmouth and Boston.

Prior to that time, during that period and since then the provincial government, municipal councils, boards of trade, town councils and various service organizations have all passed resolutions urging that the new ferry be built as soon as possible so we may be assured of a continuity of service. It is easy to imagine how upsetting it is to business—retail business, wholesale business, hotels, motels and to everyone who is in any type of business—when it is realized that a ship may or may not run; that you may or may not have tourist traffic from the United States to Nova Scotia; that you may or may not be able to travel from the United States to Nova Scotia by water; that you may or may not be able to ship your goods by water, because you do not know—and we do not know—from one month's end to another what the situation is going to be.

It was not until May 8 of this year that Eastern Steamship Lines announced that they were running their ships again this year, but there is no guarantee for next year. The length of service is cut down this summer to two and a half months, and no one knows what is going to happen in the summer of 1953. As I said before, this situation is very upsetting to business.

No thinking person questions for a moment the fact that there is a shortage of steel. Despite articles and editorials in many of the papers by those who purport to have some information on the subject, I think there is general agreement that there is a shortage of certain types of steel, particularly of steel plate, in structural shapes. I think that is the term the engineers use.

The minister has announced that there is nothing in the estimates this year for the ferry. This is most upsetting to Nova Scotia. We realize that there is a steel shortage, particularly of structural steel plate.

I should like to make this suggestion. The minister has already mentioned the fact that plans and specifications are completed and that we—"we" being the government—will be able to get under way quickly once the steel shortage eases or is over. May I say that it has been my experience—rather short though it may have been in this field—that after an announcement is made, it takes many months before advertisements are placed, tenders are called and the contract is awarded. I should therefore like to suggest to the minister, on behalf of Nova Scotians in general and those of us who live in western Nova Scotia in particular, that notwithstanding his previous statement, he discuss this matter with his colleagues and give serious consideration to calling for tenders at an early date.

I believe it cannot be gainsaid that the amount of steel plate required between now and the end of the present calendar year, that is if one were to start to build the ferry within the next two or three months, would

not be very great, in fact it would be negligible. If I am not mistaken the statement was made in this chamber, by a colleague of the Minister of Transport, that by the end of this calendar year there will be an easing of the steel situation, that steel production in Canada will have increased by about 25 per cent and that early in 1953 the short or tight steel situation should be over.

All I ask of the minister is that he seriously think of reconsidering his statement of last Friday, that he do not give me an answer tonight, but that he rise in his place within the next few weeks and say: "I think that was an excellent idea, and we will call for tenders."

Mr. Argue: I first of all should like to agree with the suggestion made by the hon. member for Saskatoon. I believe that more use could and should be made of the port of Churchill. It has certainly meant a saving in the shipment of wheat, apart from the diversion charges. The people in my part of the province, with regard to the shipment of wheat, do not benefit to any extent from the port of Churchill but I believe the people in western Canada feel that the port of Churchill is their port, no matter to what extent they may use it, and the people in the three prairie provinces would like to see the port of Churchill used to the greatest possible extent.

The government is deepening the St. Lawrence waterway system. The country is spending a good deal of money on that project. Unless positive encouragement is given to the use of the port of Churchill I am afraid the St. Lawrence seaway development may spell doom for that port. For the life of me I do not know why the diversion charges are maintained. It does help the elevator companies but certainly it keeps the port of Churchill at a disadvantage, as compared with other ports, with regard to the shipment of grain. As the hon. member for Saskatoon has said, I believe every possible thing should be done to see that in the navigation season the port is used to the fullest possible extent.

I should like to deal for a moment with the statement of the minister that an amendment was not being made to the Transport Act in order to give the trucking association the right to appear before that board. I do not intend to refer to anything that is sub judice. I do not intend to refer in any way to the agreed charges which that board is now considering, or to say whether they are too low, too high or anything else. All I want to press for at the moment is an amendment to the Transport Act whereby the trucking association as of right may appear before that board when an agreed charge is being discussed which affects the trucking industry. I do not think any association, or any group of people, should be condemned to economic loss without a hearing. Because of the way the act reads many truckers are condemned to economic loss without a hearing. Many of them are condemned to economic ruin, because they are small operators owning only one or two trucks, and at present they are not able to appear before that board and present their case.

The minister said that if an amendment were brought in to allow the trucking association to appear before the board of transport commissioners, then the government would have to give consideration to bringing the whole trucking industry under the Transport Act. Well, I do not think the giving of consideration to one amendment needs to be postponed or delayed because the minister or the government perhaps would like to bring in the broader amendment. If at any time in future the parliament of Canada feels that the trucking industry from one end of Canada to the other should be brought under the Transport Act, then that proposition can be dealt with at that time; but I hope that the government will now give further consideration to amending the Transport Act so the trucking association may have the right to appear before the board of transport commissioners whenever an agreed charge is being discussed that affects them very disastrously.

When I was home at Eastertime I discussed this matter not only with truckers, but more particularly with the consumers in Saskatchewan, the farmers of that province. While the farmers in our province may gain from any agreed charge, whether it is a matter of oil rates or some other agreed charge, nevertheless I believe I am correct when I say that these consumers are very much concerned that the truckers, their neighbours in the little towns who depend upon trucking oil and gas and other commodities, may at this time, or at any other time, be forced out of business because of an agreed charge. And they said to me without exception they felt that the truckers should have the right to state their case, and they added the further hope that any agreed charge that is entered into should be of a long-term nature and should not be raised after the competitor is put out of business. That is all I rose to say, Mr. Chairman. I want to impress upon the minister again the need for an amendment to the Transport Act so that at this time the trucking association will not be condemned to economic loss without a hearing.

Mr. White (Middlesex East): I will take only a moment or two of the time of the

committee tonight to bring to the attention of the minister two or three items that we in western Ontario are particularly interested in. Last winter, just prior to the beginning of this session, representations were made to the board of transport commissioners regarding a dangerous crossing one mile north of Hyde Park, where the Canadian National Railways cross No. 2 highway. The representatives of the board of transport commissioners, the Canadian National Railways and the Ontario department of highways, together with the deputy reeve of the township of London and myself met there, and it was generally agreed that, all other systems of accident prevention having failed, steps would be taken to instal a warning light system. I have looked through the estimates and cannot locate any funds for that purpose, but I am hoping it will not be too late to include them in the supplementary estimates, if they are not in these estimates.

Mr. Chevrier: May I tell my hon. friend that they would not be in these estimates, in any event; if it has been approved by the board, the Canadian National Railways or the body ordered by the board to do it would do it.

Mr. White (Middlesex East): Thank you. The other item dealing with crossings has to do with a dangerous subway west of Melbourne known as the devil's tunnel. The Ontario department of highways have been improving highway No. 2 both east and west of this particular subway, but nothing has been done there, no doubt because of the fact that some changes are or will be contemplated at that particular spot. It involves a bit of an S turn, and the subway is too narrow for two cars or a truck and car to pass. I am hoping that will be taken care of in the not too distant future.

Then there is the question of the Canadian National Railways shop at London, Ontario. Railways seem to be a bit of a law unto themselves, apparently. The provisions of the Ontario factory act do not apply to that shop, apparently. I have received complaints of some of the conditions there. Provision should be made so that the Ontario factory act will be applicable, and an inspector sent in so that industry, which is no different from any other steel or heavy industry, would be subject to the same provisions and regulations as any other industry. No doubt the minister will look into this, and an improvement will be made.

I should now like to deal with a subject that was brought up earlier; and here I join the hon. member for London who brought the matter to the attention of the minister in the first place. I have refrained from saying anything about it because I was hoping that the proposed weather station at London, Ontario would also be taken care of. I understand from items in the newspapers that such is not the case. Many groups all over western Ontario feel the need of an improved weather service at London. I am going to mention agriculture first. The western Ontario district has more and more gone into the growing of cash crops. All these cash crops are dependent on weather in the spring and fall, in the spring for planting and in the fall for harvesting. They are very dependent on knowledge of when frosts are likely to occur. The city council, the county councils and the aviation officials all have pointed out to the department, I believe, the need of such a station there. I have a long brief here from the fruit and vegetable growers of Ontario. I am not going to take time to read it to the committee at this point. However, it does set out in detail the needs of the industry in that area. I am hoping that further consideration will be given to the matter because the people in western Ontario are vitally interested in it.

Then, returning again to the railways and the Canadian National shops, there is the question of vacations with pay. This of course revolves around the length of service a man has given to the company. But there is a certain amount of dissatisfaction in the matter. I mention it to the minister so that he may look into it.

Mr. Henry: Mr. Chairman, under this general administration item of the Department of Transport I am afforded the opportunity of placing on record a few questions which, at a later time, the minister may choose to answer. They concern the Canadian Pacific railway crossing in North Rosedale section of Toronto.

Within the last twelve months in Toronto at least 500 of my constituents filed a petition with the mayor and board of control complaining about noise, vibration and other alleged nuisances attendant upon railway operations connected with the crossing at MacLennan Hill in the area known as North Rosedale in my constituency. This petition was passed through me from the mayor of Toronto along to the board of transport commissioners, with the result that an investigation was launched immediately.

The exact details of the investigation have not been revealed fully. If at a later date the minister chooses to do so, I would ask him to tell the committee something about that investigation by the board and its officers, as well as the findings made. It has been said, to the credit of the board, that a short-term remedial solution has been found for the complaints of my constituents. Among other

things reference has been made to a fifteen mile an hour slow order placed against trains operating at the crossing. Those are trains of the Canadian Pacific Railway. I believe, too, that some prohibition has been laid down concerning whistling.

However I would ask the minister to confirm on the records of this committee just what has been ordered by way of a short-term solution, and to give any other remedies the board has seen fit to order in the matter by way of a solution.

Then, too, my constituents are most interested in a long-term solution of the problem. It has been stated that the Canadian Pacific Railway plans discontinuing its present yards feeding the railway line in question, and to remove the yards from Lambton to some other location. I have been unable to get more information on this point. If at a later date the minister could see his way clear to report to this committee, I know it would be appreciated by my constituents. At the moment the leader of the petitioning group states that the matter is settled on a short-term basis to the satisfaction of those who associated themselves with him in bringing the matter before the board of transport commissioners. However, the long-term solution of the problem, that is the removal of the yards from Lambton to some other place, is a matter which I shall leave for the attention of the minister.

Mr. McLure: Mr. Chairman, on Friday last when the estimates of the Department of Transport were first before us, due to the interest I have in transportation matters it was my intention to make some extended remarks. However, after listening to so many speeches, I noticed that the minister was not paying too much attention. I took my cue from that and, after making a sort of gentlemen's agreement with him, decided that I would wait and ask my questions when the several items were called. I interviewed the chairman at that time and understood from him that I would have an opportunity. It was pointed out to me that, so long as my questions were relevant, I would receive answers.

Therefore I shall not take my forty minutes on this occasion—and in this I know I shall please the minister very much indeed.

Mr. Chevrier: Thank you.

Mr. Fulford: Mr. Chairman, I wish to bring to the attention of the minister, through this committee, a matter that has been raised in committee before both by myself and my predecessors. At the last session of this parliament I placed a question on the order paper, and repeated it at the beginning of this session, with reference to the union station at Brockville. I received an answer finally on March 19 confirming what I had already known. The answer showed that this matter is indeed worthy of consideration both by the railways and the board of transport commissioners.

According to the answer I received, the station was built in 1860. Well, as a matter of fact it was built a few years before that. In fact, if it were not such a homely, decrepit, worn-down, dirty, old brick building, I believe I would call the attention of the Minister of Resources and Development to the fact that it might be designated as a national monument. But one does not designate relics of that type as monuments.

Beginning in 1875 the union station at Brockville was used by the Canadian Pacific Railway and the Grand Trunk Railway, the latter of which, as we know, is now absorbed in the Canadian National Railways system. I consider the station not only a disgrace to the Canadian National but also a menace to the town of Brockville. The facilities for mail, baggage and express are inadequate and obsolete, and make for very difficult working conditions for those who have to operate these railway services. Brockville is now a junction point for pool trains running between Toronto and Ottawa and Toronto and Montreal. At Brockville Canadian Pacific passengers leaving Ottawa on the day train to go to Toronto have to change to the Canadian National, while passengers on Canadian National trains in the afternoon and evening, from Toronto to Ottawa, have to change at Brockville to the C.P.R. The facilities for passengers who have to change cars constitute a hazard to the travelling public.

I consider both the Canadian Pacific and the Canadian National lucky in that they have not had to pay heavy damages for personal injuries. I saw one man slip under a C.N.R. train coming into the station; and had it not been for a trainman standing right beside him there is no doubt both his legs would have been cut off. That is not good enough for the middle of the twentieth century; that is not good enough for a railroad system which is competing with bus and air transport. If the railroads insist on giving service like that they are bound to lose more and more of their passenger traffic.

From the standpoint of those living in Brockville the worst aspect is that when trains enter the station, especially eastbound passenger trains, the main artery of traffic leading from the south end of Brockville to the north is blocked. I want to pay special tribute to the train crews for their valiant efforts to do everything humanly possible to either split the trains or get them

moving as fast as they can. But the fact remains that road traffic is blocked, sometimes over the legal limit, which I believe is eight minutes when a main artery of traffic is concerned.

Brockville is a progressive, fast-growing community. Because of our location on the bank of the St. Lawrence river our growth must be to the north. The new housing developments are north of the main line of the Canadian National. Should a serious fire break out in this new area—and we have had two serious fires in Brockville within the last two years—I hate to think what the consequences might be if the fire department could not get across the tracks. I realize that they would split the train, but it might take a few minutes and it does not take long for a fire to spread. Then if there was a case of emergency illness and an ambulance was held up, either on the way to pick up the sick person or on the way back with the sick person to the hospital, a delay of a few minutes might mean the difference between life and death. Another particularly bad feature is that our children have to go to the other side of the tracks to get to school, and they are continually passing back and forth.

One method of relieving the situation would be to build a subway. In 1945 the municipal council applied to the board of transport commissioners and a plan for such a subway was devised. Brockville is built on pre-Cambrian granite and as a result the cost of such a subway would have been in the neighbourhood of $1 million, the town's share being $300,000.

Another solution would be to move the station further east so that trains would not block this main artery of traffic. If that were done, not by the wildest stretch of the imagination could that old derelict which the Canadian National chooses to call a station be moved. It would mean a new station, which expense would have to be borne entirely by the Canadian National Railways because the Canadian Pacific use the facilities of the station on a lease basis.

Some other method might be devised, such as an overhead bridge; or another location might be picked. In fact another location has been picked, but it would be a little out of the way. However, it would be much cheaper than what was suggested by the engineers of the board of transport commissioners and the Canadian National Railways.

I understand there is a possibility that the province would help in the construction of a subway or overhead pass where the road concerned is an integral part of a provincial highway. Perth street, Brockville, is definitely an integral part of highway No. 29. The fact remains that no matter how this is done, the time has now been reached when this hazard must be eliminated. I am not prepared to say how it can be done. As I say, the town did apply through the usual channels in 1945 to the board of transport commissioners, but the cost was found to be prohibitive.

After all, the municipalities of Ontario are hit hard enough as it is. Our tax rate at the moment is 86 mills, and to undertake anything like this would increase the mill rate. The town is not in position to undertake any such financial deal. I implore the minister to explore every possible channel in an effort to devise means of eliminating hazards such as this. I have no doubt that similar hazards exist elsewhere in Canada, but I think I can guarantee that there is no worse menace to be found anywhere in the dominion than exists in the county which I have the honour to represent in this house.

Anyone who has taken the pool train during the day from Ottawa to Toronto or from Toronto to Ottawa will agree with what I have said about the conditions prevailing at the Brockville station. I think they will admit that I have not exaggerated in any way. Anyone who has travelled on highway No. 29 and has had occasion to use Perth street, Brockville, I think will admit that I have understated the hazard that exists.

There is one other matter which I should like to bring to the minister's attention, a matter which I have mentioned before. I refer to the necessity of having a weather station somewhere in the upper St. Lawrence valley. Totally different weather conditions prevail in the St. Lawrence valley from those in the Ottawa valley. At the present time the Brockville radio station broadcasts the weather reports issued for Haliburton, simply adding twelve hours to the report. I do not know what method is used by the local newspaper, but I can assure you that it is equally unsatisfactory.

When the St. Lawrence seaway is completed it will be vitally necessary to have a weather station in the upper reaches of the St. Lawrence valley. Inasmuch as this station will have to be built eventually I urge that it be built as soon as possible so that our farmers may have the benefit of accurate weather forecasts.

Mr. Bryce: I should like to bring one or two matters to the attention of the minister, matters which I have discussed before. One is in connection with the Canadian Pacific Air Lines plane which was blown up in

Quebec. The widow of the pilot of that plane who lost his life lives in my constituency, and she has asked me to find out from the minister just what is the responsibility of Canadian Pacific Air Lines Limited. She lost her husband. I wonder if any of the other passengers or crew members on that ill-fated plane have received compensation. She applied for some expenses and was turned down. I believe she was promised employment with the Canadian Pacific, but she thinks she is entitled to something for the loss of her husband. At the present time the only compensation she receives for herself and her boy is from the compensation board of the province of Quebec. When the minister is answering questions I should like him to go into the details.

Mr. Chevrier: I cannot hear the hon. member.

Mr. Bryce: I am sorry. When the minister begins to answer questions I would appreciate it very much if he would go into that matter a little bit and tell me what it is possible for this lady to do. She is a widow with a son to raise, and I should like to know if any of the other passengers or crew members have received compensation. It is an unusual incident. The plane was blown up. It was the plane with which Guay was involved.

Mr. Chevrier: I am familiar with the case.

Mr. Hansell: I will detain the committee for only about three minutes for the purpose of asking the minister if he can exert some influence in a certain direction. We recognize that the minister has tremendous responsibilities. His department is large, and as it has to do with transportation by rail, air and boat, with all the ramifications that are involved, his work is great and his responsibilities are heavy. I rise at this time to point out one little need in a certain part of the country. I refer to the Canadian Pacific railway station at Calgary, Alberta. I am well aware that the minister has no particular jurisdiction over a private railway company, but I am also well aware that as Canada's Minister of Transport a word from him in the right direction will do wonders.

I am not raising this question because I desire to embarrass the Canadian Pacific Railway. I happen to be an old C.P.R. man. I had a happy relationship with the company when I was one of the ticket clerks in the Calgary C.P.R. depot thirty-five years ago. I renew acquaintances every time I go through that depot; but, Mr. Chairman, it is the same kind of depot now that it was thirty-five years ago. Hardly a stick of wood in the whole place has been replaced. Perhaps the bars have been taken down from the ticket windows, and I think there are one or two new telephone booths. It is not only a matter of the building itself. The accommodation available for passengers is the worst of any station from Montreal to Vancouver, and I have visited them all.

There is no underground passage to enable you to reach a train on track 2, 3 or 4 if there happens to be a train parked on track 1. Let me give an illustration that may sound astounding to the minister. I arrived in Calgary one night on my way to Edmonton. The train was a little late because it was wintertime and nearly all the trains were late. I came in on the northbound train from Lethbridge and arrived at Calgary at about 10.30. The berths were made up on the midnight train to Edmonton. Do you know that I had to remain in the depot for nearly two hours before I could get on the Edmonton train and go to sleep. There was no underground passage, and as one train went out another train came in. For some reason the officials did not split any of the trains in the middle so that one could walk over the tracks. Therefore we had to wait there for two hours before we could go to bed because we had to cross to track 3 or 4 and there was a train on track 1 or 2.

Somebody may say that I should have complained to the railroad officials. I could have done that but if I had, perhaps I would have got some worker into trouble. However, my heart was brimming over with compassion, and instead of getting anyone into trouble I stayed in the depot and suffered for a couple of hours. I have actually seen people climb up the steps of railway cars, pass through the entranceway and step down on the other side in order to reach their trains. I have seen trainmen boost rather stout ladies up the steps so they might get over to track 2 or 3 in order to get their train on the other side. I do not know what the regulations are, but if an accident should happen when that was being done I am afraid there would be an awful mess not only on the platform, but someone would get into trouble and there would be a mess in that respect.

I know I am sometimes given to a little levity in the house, but I am serious when I say that a city the size of Calgary, which has doubled its population in the past ten or fifteen years, still has the same passenger accommodation as far as depots are concerned as it had thirty-five years ago.

Mr. Fulford: We have the same as we had ninety-two years ago.

Mr. Hansell: Then I will back my hon. friend in getting a new station if he will back me in getting a new station at Calgary.

Perhaps there will be a double amount of influence there. I am serious about this matter. It may be there are some things that I do not know anything about. Perhaps they are negotiating for a union station. If they are, for goodness sake let the negotiations be speeded up and some conclusion reached. So far as the C.P.R. is concerned, Calgary is on the main line. Every transcontinental train on the Canadian Pacific Railway passes through Calgary in addition to numerous local trains running north, east, south and west. That is the situation which exists. Therefore I say to the Minister of Transport that I wish he would look into the matter and use all the influence he can to get a new railway depot that will be adequate to supply the needs of a city the size of Calgary, Alberta, the oil capital of Canada.

An hon. Member: Hurrah!

Mr. Hansell: Hurrah!

Mr. Green: Mr. Chairman, when the minister's estimates were first being considered I asked him some questions concerning Canada's merchant navy. He was good enough to give a brief reply that same evening, but I should like to get one or two points concerning that statement cleared up. On page 2321 of *Hansard* for May 16, 1952 the minister is reported as having said that there are now forty-five 10,000 ton ocean-going cargo vessels and twelve 7,500 ton vessels sailing under the Canadian flag. This would make a total of 57 ships. Is that the correct figure at the present time, and are all of those ships the old, slow vessels which were built during the war?

Mr. Chevrier: The answer to that is yes, plus other ships such as the "Lady" boats of the Canadian National Steamships, diesel passengers and some tankers, making a total of 80. They are all the Park vessels of wartime construction.

Mr. Green: And there are 97 Canadian-owned ships of the same type which are operating under the British flag, I understand. Is that the correct figure?

Mr. Chevrier: That is correct.

Mr. Green: The other evening the minister mentioned that two large modern tankers are under construction here or for which contracts have been let. Could he tell the committee what company is building those tankers, where they are being built, and on which coast they are to operate?

Mr. Chevrier: They are for deep-sea operation on the Atlantic coast. They are being built by Davie Shipbuilding for the order of the Andros Company.

Mr. Green: Into what service are they going, out of what port?

Mr. Chevrier: For the Atlantic and Mediterranean service.

Mr. Green: They will not be operating out of east coast ports.

Mr. Chevrier: Yes, they will be operating out of east coast ports. They will operate out of Atlantic ports and in the St. Lawrence, depending upon where the cargo is going.

Mr. Green: In my remarks the other night I brought up the replacement plan which was proposed by the Canadian maritime commission some years ago. The main purpose of that plan, as I read it in the second report of the commission—and I am referring particularly to page 52—was that Canadian owners, having sold these old, slow wartime ships, would pay the money into a trust fund held by the government or some government agency and with that fund it would be possible to build modern, fast cargo vessels to compete with the modern vessels of other maritime nations.

For example, on page 52 of the report we find these two statements:

> The object of the plan is to reduce and modernize the Canadian flag fleet.

Then again:

> The funds, however, must be used for the purpose of replacement or modernization of Canadian shipping, and for the acquisition of vessels which are economic to operate.

Incidentally, the minister himself is on record in different speeches two or three years ago to the effect that Canada must have a modern cargo fleet. I have here a quotation from a speech he made at the Canadian National Exhibition in Toronto in October, 1949, in which he said:

> It has been the policy of the government to endeavour to maintain a merchant marine under a Canadian flag, owned and operated by Canadians. It is not the intention to support a large fleet, nor is it a question of national pride of ownership. It is considered that a small, efficient, modern fleet of ocean-going vessels would be of benefit to Canada, not only as a contribution to the national economy but for the purpose of national security.

That statement is in line with the recommendation of the Canadian maritime commission. However, the policy seems to have changed, particularly with regard to the replacement fund. Of course there is the fact that no single modern cargo vessel has been built for the Canadian merchant navy, either from that fund or any other fund in Canada to date.

I have here the fourth report of the Canadian maritime commission; the one that was tabled in the house last year. There we find that the replacement fund is now being used

for other types of shipbuilding. There appears to have been some provision made for assigning these funds, for example, to operators on the great lakes rather than insisting that they be used for the building of modern ocean-going cargo vessels. We find on page 6 of the report that the commission's policy is to allow only a proportion of the cost to be met by assignment of the funds held in escrow under its replacement plan where the assignment of funds is destined for the building, conversion or acquisition of other than ocean-going ships.

What I should like to know is what steps have been taken at the present time by the Canadian maritime commission or by the government, either under this replacement plan or under any other plan, to help bring about the construction of modern fast cargo vessels for the Canadian merchant navy. The minister will answer that question later, will he?

Mr. Chevrier: Yes.

Mr. Green: I raised also the question of the Canadian maritime commission. I was protesting that a chairman had not been appointed, except for the deputy minister of transport. I should like to repeat that I have a great respect for the deputy minister, and I think he is doing a grand job. But it was never our understanding that an important commission such as the Canadian maritime commission should have as its head the deputy minister or any other officer of the department. There is no parallel situation. For example, the board of transport commissioners is an independent body. There is no suggestion that the department should have any representative on the board. While the air transport does not have the independent status of the board of transport commissioners in that it is directly responsible to the government, nevertheless that air transport board has a separate chairman whose only job, as I understand it, is to act as chairman of that board.

We believe that the Canadian maritime commission should be in the same position. We believe there should be a chairman who has no other work to perform than that of supervising the business of that commission. Since the discussion the other evening I have been reading the annual report from the deputy to the minister, and at page 7 I find this statement:

> By order in council P.C. 6063 of December 13, 1950, the undersigned was appointed a member of the Canadian maritime commission and made chairman thereof, thereby knitting more closely together the advisory and operational responsibilities of government with respect to marine transportation.

That statement would make it appear that it is the policy of the department to operate the Canadian maritime commission with the deputy minister or some other officer of the department as the chairman. I should like to know whether that is to be the fixed policy of the government. If it is, I am afraid it is an unsound one. I think shipping is of sufficient importance to this country for us to have a full-time chairman of the Canadian maritime commission. If it is of sufficient importance to have a commission at all, then there should be a full-time chairman.

I would point out to the minister that in the report of the Turgeon commission on transportation we had a finding with regard to these three important bodies, namely the board of transport commissioners, the air transport board and the Canadian maritime commission. The Turgeon commission explained the importance of each of those bodies to Canada, and went on to recommend that there should be only one body to deal with transportation, including the railways, the shipping and the airways.

I do not agree with that recommendation with respect to shipping. Coming as I do from a seaport, I consider that the shipping problems of Canada are of sufficient importance for us to have a separate commission. We are greatly worried because of the fact that, instead of having an independent commission to carry on the good work that was started, we now have one which is absolutely operating under an officer of the Department of Transport. The result is that the commission is, in effect, only a branch of the department. I would ask the minister to explain whether that is to be a permanent policy or whether we can expect to have some person appointed as the full-time chairman of this commission.

I repeat the recommendation I made the other night, namely that the minister try to get one of the leading shipping men of Canada, a leading marine lawyer, or someone whose life has been devoted to shipping. If that is done I think great benefit would accrue to shipping and to the country at large. I repeat that I am not for a minute questioning the ability of the deputy minister.

Mr. Chevrier: Did the hon. member for Vancouver-Quadra say that he had another question?

Mr. Green: I have one other question on shipping. Then I have a question on an entirely different matter. This other question has to do with the notorious Ming Sung ships. As the chairman knows, they were, and perhaps still are, owned by a Canadian

company known as the Ming Sung Industrial Company which is controlled by Chinese citizens in communist China. I should like to know whether those ships are still on Canadian registry or whether there has been any change in that registration. Can the minister answer that question?

Mr. Chevrier: I think my hon. friend should proceed in the usual way.

Mr. Green: All right.

Mr. Chevrier: I think he should ask his questions; then when he is through, I will deal with them.

Mr. Green: All right. If they are still on Canadian registry, then as I read the Canada Shipping Act they are not only entitled to fly the Canadian flag but are bound to do so; if they do not, they break the Canadian law. I would refer the minister to section 89 of the Canada Shipping Act. If I am correct in that statement, it seems to me that something should be done about it by the Canadian government. If these ships are Canadian vessels then, as I say, they are entitled to fly the Canadian flag and are entitled to the protection of the Canadian navy, if you please—and I presume to the protection of the British navy and possibly of the allied navies. Yet the latest word we had of them was that they were in Canton, which is a communist-held port, waiting for a chance to make a break up to Shanghai, another communist-held port.

I realize that the situation is difficult, but I believe some steps should be taken to clear it up. I believe there is power to do so under the Canada Shipping Act. If not, there is certainly, under the Emergency Powers Act, power to deal with that unfortunate situation. I would ask the minister if he would explain the present status of those ships.

Mr. Chevrier: Does that cover the questions my hon. friend wishes to ask?

Mr. Green: That covers the shipping questions.

Mr. Chevrier: Are those all the questions my hon. friend has to ask?

Mr. Green: The other question has to do with the great lakes. I was surprised to read in the press of May 16—and I am reading now from a report in the *Globe and Mail*—an article which is headed: "Damage $1 Billion; Truman Calls on Army to help Lower Lakes." That dispatch was from Washington. The first paragraph reads as follows:

> President Truman called on army engineers today to provide a remedy for high water damage to property on the shores of the five great lakes.

The article also gave particulars of the damage that was being done, and ended up with this paragraph:

> Canada has agreed to the rediversion of one of the two rivers flowing into Superior. It announced within the last few days that the Ogoki river would be diverted, on a temporary basis, to the Hudson bay watershed.

Today I picked up the current issue of *U. S. News and World Report*. It is dated tomorrow, as a matter of fact, May 23. I find an article in it entitled "Great lakes: new flood threat. Damage already big. Billion loss in sight." The article commences:

> Flood damage around the great lakes this summer may get up to $1 billion or more.
>
> There's a great, creeping flood under way. Water, rising steadily, is expected to be 5 feet and more above the 1934 level by summer. Big areas already are flooded or threatened.
>
> What to do is a big question now worrying U.S. and Canadian governments.

Then the article goes on to give details which were not in the press dispatch from the *Globe and Mail*, and makes it pretty clear that the situation is extremely serious from the point of view of the United States, and I presume it is just as serious to Canadians. One paragraph says:

> The threatened areas are finally getting Washington excited about it, too. Congressmen are needling the government for aid. The army corps of engineers is making surveys. The U.S. weather bureau is tightening up its storm-warning system on the lakes.

Then we find this significant sentence:

> The state department last week got Canada to agree to a review of the problem.

The minister certainly should make a statement with regard to that, and let us know whether it is correct.

Mr. Chevrier: Surely my hon. friend would not expect me to make a statement on a matter like that. I can deal with the problem generally, but that surely is a matter for the Secretary of State for External Affairs, particularly in view of the sentence he just has read.

Mr. Green: Then the article goes on to deal with Canada's Long Lac and Ogoki power projects having diverted 5,000 cubic feet of water per second, and it also refers to Canada's Gut dam in the St. Lawrence river rapids just below lake Ontario which, it says, slows down the flow of Ontario's water to the sea, and thus adds several extra inches to the lakes' levels. Apparently the situation is extremely serious. I would ask the minister to make a statement to the house tonight in connection with this matter.

Mr. Knowles: Mr. Chairman, I should like to say a few words in reply to the remarks the minister made at eight o'clock—in other

words, since it is now nearly half past ten I have been exercising the virtue of patience for over two hours—with reference to the need for augmenting the pensions of retired C.N.R. employees, particularly in the case of those who have only the basic $25 a month.

I spoke about this last Friday when the estimates of the minister were first called, and I endeavoured to make it clear at that time that there have been some improvements in the situation since we last discussed this matter in the house. I pointed out then, but it seems I must repeat it now, that although there are improvements for those still in the service, if they choose to avail themselves of those improvements, and although there are potential improvements for those already retired where their pensions were in part contributory, and therefore are more than $25 a month, it still remains that there is no improvement by virtue of the recent changes in the Canadian National pension rules for those already retired who have only the basic pension of $25 a month.

I respectfully suggest to the minister that to remind us of the improvements that have been made for others does not solve the problem or deal with the plight of the men who have only $25 a month. It is that group in particular whose case I continue to plead with the minister.

When he concluded the remarks he made at eight o'clock this evening the minister expressed the hope that what he had said would bring this discussion to an end, and that that would be the last word on it. I am sure he did not think that would be the case; I am sure he did not expect that I would cease pleading the case of men left in this most difficult position and drawing, as far as their railway pension is concerned, only $25 a month. My purpose in rising now is to express the hope that the minister will yet give further consideration to the situation of these retired employees.

The minister, as has been done on other occasions when this question has been raised, referred to the improvements in old age pension legislation that have taken place since we were discussing this same problem of the C.N.R. pensioners a year ago. Let me point out again that those improvements are available to other people as well, but in my view that does not relieve the Canadian National, which is owned by the government, of its obligation to these men, an obligation which arises in part from the fact that there has been such a tremendous increase in the cost of living since this $25 basic pension was first established.

The minister said tonight that under the new old age pension legislation it is possible for those men who are getting only $25 a month from their C.N.R. pension to get a total of $65 a month by going on the old age pension as well. For simplicity's sake I presume he was speaking of single men, and I will do the same. I would point out to him that in the case of those between 65 and 69 they cannot get a total of $65 a month. There is a ceiling in the old age legislation which limits total income between ages 65 and 69 to $60 a month, so the $25 railway pension limits them to the amount they can draw under the Old Age Assistance Act. I would also point out that some of these men do have small homes, or some other asset, that they have been able to build up across the years; and if that is the case that other asset, together with their $25 a month, in many cases denies them the opportunity of getting anything out of the old age assistance legislation whatever.

Then there is the case of those over 70, and there are quite a few of them. I ask the minister to note this situation which I think is most unfair. Let us take the case of two C.N.R. pensioners, one we will say, for example, drawing $100 a month C.N.R. pension and the other drawing just the $25 a month. They are both over 70. They both qualify for the old age security pension of $40 a month. In the case of the C.N.R. pensioner with the $100 a month who gets $40 old age security, it is still possible for him, with his $100 railway pension, to take advantage of the new rules and augment that $100 pension to a slightly higher amount. But the C.N.R. pensioner who is getting only $25 a month, when he gets his $40 old age security, cannot do anything to increase that $25 basic pension. It is there, and he cannot get it increased by any means under the new rules. So you have on the one hand a C.N.R. pensioner with $100 a month getting an extra $40, which puts him up to $140, and he may increase that amount a bit further. On the other hand you have the railway pensioner on $25 getting $40 old age security, which puts him up to $65; and he cannot get any more out of the C.N.R. pension fund, even under the changes that have come into effect at the present time. The unfairness to the $25 pensioner is surely obvious.

In passing I should point out that when we talk about retired employees with pensions of more than $25 a month being able to augment those pensions, it should be noted that this possibility depends upon whether they can make a certain contribution. Thus for many of these people it is a theoretical possibility which it may be hard for them to turn into a reality.

However, there is not even a theoretical possibility of any increase for those men who

are on the basic pension of only $25 a month. As I have already pointed out on several occasions, their number is something over 3,000 and I feel that the government still has a responsibility to those people.

In view of the statements the minister made tonight, I am not asking him to comment further at this time. I should prefer to hear from him in more favourable terms, and I hope he will give the matter further consideration. Surely he knew, when he expressed the hope that what he said tonight would be the end of this matter, that his hope would not be realized. Surely he would not, on second thought, ask any group of men on $25 a month to sit back and be satisfied with such a pension under today's conditions. And I know he does not expect those of us who have pleaded the case for these men to stop pleading it because of the kind of arguments that were put forth tonight.

The problem is still there; the plight of these men is there; the unfairness still exists; and I hope that even yet consideration will be given by the government to raising the $25 pension, particularly in the case of those already retired for whom there is no chance of improvement under the rules as they now stand.

Just one other word, and it is this: The minister suggested that this was a problem to be threshed out between the men and the Canadian National Railways. I agree that most aspects of employer-employee relations are best dealt with in that way. But it just so happens that, in the very nature of the case, once these men are retired and no longer working for the company, the normal negotiations that go on between employees, through their representatives, and the company, somehow or another do not seem to include the same attention for the plight of the retired men as is given to the needs of the men still in the service.

The minister must recognize that these men do need a voice pleading on their behalf and, what is more, that they need a ministerial ear to pay attention to that plea.

Mr. Johnston: Mr. Chairman—

Mr. Chevrier: I understand there has been some agreement that at 10:45 there will be further discussion of the matter under consideration before six o'clock. I should like to reply to what has been said.

The Chairman: Perhaps the hon. member's question could be asked on an individual item.

Mr. Johnston: Did I understand the minister to say that this discussion will stop now?

Mr. Chevrier: No; what I would like my hon. friend to allow me to do is to reply, and then perhaps we could pass the first item. Then the hon. member could ask his question on one of the subsequent items.

Mr. Johnston: If it is simply to allow the minister to answer the hon. member for Vancouver-Quadra, and then allow the item to stand, I would be content.

Mr. Chevrier: No, no; I cannot consent to that. I think my hon. friend has already spoken twice on the question of trucking, and I presume that is what he wishes to bring up again. I have no objection to his discussing the matter again, but I do say it could be brought up under one or another of the succeeding items.

Mr. Johnston: No. I did wish to make passing reference to what the minister had indicated. However, I had intended to speak for a moment with respect to another item, one which I do not think comes up under any particular item in the estimates.

The Chairman: If the hon. member wishes to deal with it briefly, perhaps he could do so now.

Mr. Johnston: It would take only a moment or two. I wish to give some support to what was said a moment ago by the hon. member for Macleod about the possibility of having a union station in Calgary. He outlined the conditions as they apply to the C.P.R. What I had in mind was not so much those conditions—although I agree with what the hon. member said—but rather that the C.N.R. station in Calgary is a disgrace to any city of its size and importance.

I am sure the minister must have visited the C.N.R. station when he has been in Calgary. It is an old building which was renovated many years ago. Any visitor to Calgary who travels by Canadian National does not receive a good impression of the city upon landing there. The station is an old and dilapidated building, in the poorest part of the city, on the outskirts. Anyone who visits Calgary, arriving at that station, must of necessity take a taxi to his home. Calgary is in great need of a union station, and I hope the minister will give consideration to that fact.

Then I would make reference to the minister's suggestion that he was fearful that if the Transport Act were amended to allow the truck transport industry to appear before the board in a legal capacity to protest against charges, it would be dangerous because it might bring them under the control of the act. I made passing reference to the fact the other day that in Ontario, Quebec, Manitoba, Saskatchewan and Alberta, where the trucking industry is under the control of the provinces, both railways are permitted by law to

appear and not only to appeal against the rates the trucks are charging, but also to appear in protest against any franchise they may be given.

Mr. Chevrier: Because they own bus companies, and come in under the act.

Mr. Johnston: Yes, they might do that. But that does not in all cases, particularly in Alberta, bring them under the control of the act. All we are suggesting is that there may be some way—and I am not familiar with what the legal technicalities might be—whereby the truck transportation concerns could have the right to appear and protest so the board might become fully conversant with these matters, and so the trucking industry would have at least a fighting chance to survive.

Mr. Chevrier: If I may be allowed to deal with the question—

Mr. Gillis: Is it the minister's intention to answer the hon. member for Vancouver-Quadra and then to close off the discussion on the first item?

Mr. Chevrier: I have no such intention. I am not in control of the committee; the chairman is in control. But I had understood that perhaps after I replied to the hon. member, and answered his questions, we would pass the first item and then proceed to the others.

Mr. Gillis: I have no objection to that, provided I am given the undertaking that I may be permitted under another item to ask a question about that section of the corps of commissionaires who work at the airports. If I am given the undertaking that I may discuss this matter under item 496, I shall be prepared to let the first item pass.

Mr. Chevrier: I will gladly give that undertaking—and there are several other items, too.

The hon. member for Vancouver-Quadra dealt again with the question of the policy of the Canadian maritime commission with reference to the deep-sea fleet, and Canada's merchant navy. The policy of the commission has not changed—the hon. member seemed to be under the impression that it had—since the commission was established. It is true that the replacement plan has been altered, but that was because the shipping companies felt that it would be more profitable to build ships in Canada for St. Lawrence river and great lakes operation than to build fast cargo vessels for deep-sea operation. The cost of building deep-sea ships is far greater in Canada than in the United Kingdom and certain continental countries, and that is why it was found necessary to alter the original replacement plan. Had it not been altered a substantial number of orders which have been received by the shipyards would not have been received.

Mr. Green: That is for great lakes and St. Lawrence ships?

Mr. Chevrier: Yes. My hon. friend dealt with the question of the dual capacity of the deputy minister acting as chairman of the maritime commission and asked whether that was a firm policy of the government. That is not a firm policy of the government; the government has determined no policy in that regard. It so happened that at the time of the resignation of the former chairman conditions and circumstances were such that it was found advisable to operate the maritime commission under the arrangement which was then adopted. That action was supported by the fact that a large number of our ships had been transferred to United Kingdom registry, which meant much less work for the maritime commission than it would have had if the one hundred or more ships had remained under Canadian registry. That does not mean to say that should they come back under Canadian registry we will immediately change this policy, neither does it mean that the government is committed to continuing the deputy minister as chairman of the maritime commission.

My hon. friend wanted to know whether the Ming Sung ships were still under Canadian registry. As far as I know they are. If they were not there would be no way of protecting the mortgage.

Mr. Green: There is not much way of protecting it now.

Mr. Chevrier: That remains to be seen. My hon. friend wants a statement and he should let me make it. This is a matter which concerns external affairs, but I will give as much information as I have available. It would be a mistake to remove the Ming Sung ships from Canadian registry because we would then lose forever the mortgage which we hold against those ships. There may be some other method of saving the mortgage, but I do not know.

The hon. member asked whether the ships were still flying the Canadian flag. I am not able to answer that and I am sure nobody else is. I do not know where the ships are. I presume they are in Chinese communist waters, but I do not know what flag they are flying. Then my hon. friend wanted to know what steps are being taken to clear up this situation. That is easier said than done. Steps are being taken and careful consideration is being given, and has been given, by

the government to the whole matter. I am not able to go beyond that because other ministers are dealing with the question.

I can assure my hon. friend that the Canada Shipping Act has been carefully studied. The Department of Justice has been taking an active part, as has the Department of Finance and the Department of External Affairs. The government would like to be able to say that the matter is being cleared up, but there are international difficulties that do not make it so easy.

The matter of high water levels on the great lakes and the upper St. Lawrence river pertains to another department. This department is concerned in so far as the Gut dam is involved. It is a serious problem, and is created by precipitation and the diversion of waters into the great lakes, and to some extent by the Gut dam. All the artificial causes added together are but a drop in the bucket compared to the precipitation or other natural causes. If the Gut dam were removed the effect would be to raise the level about five and one-half inches; but if that were done, particularly at this time, it might cause serious trouble downstream, particularly if the Ottawa river rose as it did last year and some years ago. Serious flood conditions might occur in the downstream areas.

This is unquestionably an international matter, and it is being considered by the two countries. Were the minister of external affairs here he could say how far the talks between Canada and the United States have gone. There is provision under the great lakes-St. Lawrence seaway proposal to guard against this kind of situation by means of regulatory methods provided for in the plans and specifications.

Item agreed to.

Progress reported.

EMERGENCY GOLD MINING ASSISTANCE ACT

EXTENSION OF APPLICATION TO YEARS 1952 AND 1953

The house resumed consideration in committee of Bill No. 242, to amend the Emergency Gold Mining Assistance Act—Mr. Prudham—Mr. Dion in the chair.

On section 1—*Calculation for 1950.*

Mr. Prudham: Just before six o'clock the hon. member for Winnipeg North Centre asked about the mines that would be affected by this amendment. There are five mines which will receive an additional $36,976.64, as follows:

Mine No. 1	$ 6,986.69
Mine No. 2	1,900.25
Mine No. 3	11,407.78
Mine No. 4	12,558.88
Mine No. 5	4,123.64
	$36,976.64

Mr. Adamson: What is the cost per ounce of those five mines?

Mr. Prudham: I could get it, but it is scattered through the report. I would prefer not to give the names, but if the hon. gentleman insists perhaps I had better do so and he can look it up:

1. Hallnor Mines Ltd.
2. Broulan Porcupine Mines Ltd.
3. Porcupine Reef Gold Mines Ltd.
4. Cochenour Willans Gold Mines Ltd.
5. Rycon Mine (C. M. & S.)

Mr. Adamson: I was wondering in what category they would come.

Section agreed to.

On section 2—*Application of act to 1951, 1952 and 1953.*

Mr. Knowles: With respect to clause 2, I note that it extends the application of the act for two more years, but in addition to that it seems to make certain changes so that the basis of computation will be different than it was previously. Can the minister say whether the changes for the next two years will result in the paying out of more money or the paying out of less money than would otherwise be the case?

Mr. Prudham: The purpose of this amendment is to extend the application of the act to the years 1952 and 1953 and to clarify the conditions under which a mine operator may elect as a base year the calendar years 1948, 1949 or 1950. The intent of the present act was that the year chosen as the base year should be one in which the mine had been in operation for a full calendar year and had during that time been in production for more than six months. As the act at present reads, a mine whose first year of production commenced subsequent to January 1 and prior to June 30 of any of the above years may choose that year as its base year, thus gaining an advantage that was never intended.

There are five mines in this category and each elected as its base year the first year of operation which in every instance was less than twelve months. This amendment will mean a decrease in assistance payable of $69,456. The mines affected are Howe Sound Exploration Company Limited, Quesabe Mines Limited, Giant Yellowknife

Gold Mines Limited, Campbell Red Lake Mines Limited, and Consolidated Duquesne Mining Company Limited. The last mentioned is not affected financially. Giant Yellowknife Gold Mines Limited will gain $2,960 and the others will lose substantial amounts.

Section agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

BUSINESS OF THE HOUSE

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

Business of the House

He said: Tomorrow we will continue with the estimates of the Department of Transport. When those are concluded we will take up the estimates of the Department of Mines and Technical Surveys. If we finish those two departments we will then take up public works.

Mr. Green: You are pretty safe on that.

Motion agreed to and the house adjourned at 10.55 p.m.

[The following item was passed in committee of supply]:

DEPARTMENT OF TRANSPORT

A—Department—

463. Departmental administration, $1,370,576.

HOUSE OF COMMONS

Friday, May 23, 1952

The house met at three o'clock.

HOUSE OF COMMONS

APPOINTMENT OF DEPUTY CHAIRMAN OF COMMITTEES OF THE WHOLE HOUSE

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I beg leave to move:

That William Alfred Robinson, Esquire, member for the electoral district of Simcoe East, Ontario, be appointed deputy chairman of committees of the whole house.

I am confident that members of the house, especially those who have been members of committees presided over by the hon. gentleman, will feel, as I do, that he will carry out the duties of deputy chairman of the committees of the whole house in the same able and impartial way as he has presided over some of the standing or select committees of the house.

Motion agreed to.

TRANS-CANADA HIGHWAY

TABLING OF AGREEMENT BETWEEN FEDERAL GOVERNMENT AND PROVINCE OF NOVA SCOTIA

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, I beg leave to table copies of the trans-Canada highway agreement as signed between the government of Canada and the government of the province of Nova Scotia.

CANADA ELECTIONS ACT

AMENDMENT WITH RESPECT TO SALARY OF CHIEF ELECTORAL OFFICER

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

That it is expedient to introduce a measure to amend the Canada Elections Act to provide that the chief electoral officer may be paid a salary of not less than eight nor more than twelve thousand dollars per annum to be fixed by order of the governor in council.

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

Motion agreed to.

GREAT LAKES LEVELS

JOINT REFERENCE TO INTERNATIONAL JOINT COMMISSION—AGREEMENT IN PRINCIPLE BY GOVERNMENTS OF CANADA AND UNITED STATES

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I should like to direct a question to the Prime Minister. Have there been any discussions between the Canadian and United States governments concerning the present flood threat on the great lakes? If so, will the Prime Minister make a statement thereon?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I understand that the question is a timely one and is based upon an item in the *U.S. News and World Report* of recent date which contains the assertion that the state department last week got Canada to agree to a review of the problem.

The United States government has requested the Canadian government to make a joint reference on the question of the high water level of lake Ontario to the international joint commission for study and for recommendation of appropriate remedial measures. The Canadian government has agreed in principle to this reference on the understanding that it will be drafted in such a manner that the international joint commission will not delay consideration of the St. Lawrence project, which it has also been agreed to refer to the commission immediately. Our purpose is that the St. Lawrence project be not delayed by the consideration of the reference on the matter of the high water level. Officials concerned are now drafting a reference on this subject to the international joint commission, to be submitted to the governments for approval.

INDIANS

STATUS UNDER OLD AGE ASSISTANCE ACT AND BLIND PERSONS ACT

On the orders of the day:

Mr. A. C. Stewart (Yorkton): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. Can the minister state what the position is with respect to the status of Indians under the Old Age Assistance Act and the Blind Persons Act in the various provinces?

Inquiries of the Ministry

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, the hon. gentleman was kind enough to give me notice of this question. The position is that in eight of the ten provinces applications are being accepted from Indians for old age assistance and blindness allowances on exactly the same basis as from other provinces. There is no discrimination of any kind. In Alberta and Saskatchewan the provincial legislation and the agreements between the province and the federal government contain no provision for the exclusion of Indian applicants.

I understand, however, that some question has been raised in these two provinces as to the admissibility of Indians to the benefits of their legislation, and that up to the present time no action has been taken by these two provincial authorities to deal with requests for old age assistance or blindness allowances from Indian applicants. I have already written to one of the provinces and I am today writing to the second province with regard to this matter. The position of the federal government is of course that, in the absence of any provision in the provincial law to exclude Indians, they are entitled to the benefits of this legislation on the same basis as any other residents of the province.

With regard to the second part of my hon. friend's question, of course, in the light of custom, I would have to consult with the provinces concerned before tabling any correspondence between the two jurisdictions of government. I will seek their concurrence or their wishes in the matter.

KURT MEYER

QUESTION OF CANADIAN JURISDICTION

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Prime Minister in connection with a matter that was discussed by the Canadian Legion convention in Montreal. Have there been any recent communications either from the British government or from the British-allied German commission on war criminals, relating to whether or not Canada still has jurisdiction over the person of Major General Kurt Meyer? It is a matter that has aroused some interest, to know whether or not there have been any recent discussions. That is the reason I have asked the Prime Minister, even though I have not been able to give notice of it.

Right Hon. L. S. St. Laurent (Prime Minister): Had I had notice I might perhaps be able to be a little more precise in my answer, but I think I can give a satisfactory answer without referring again to the pertinent documents.

As hon. members know, there is a draft treaty that is now under consideration by the occupying powers and the government of Western Germany. There are provisions in that treaty for the treatment of prisoners under the jurisdiction of those who will be parties to the treaty. There has been correspondence to make it abundantly clear that the treaty will not of itself have any effect on the jurisdiction of the Canadian authorities over the war criminals who are purging sentences imposed by Canadian courts; that the provisions will not exclude the possibility of their being brought under the treaty; that the treaty itself will not have the effect of changing the present position in any way. The present position is that the two prisoners still purging sentences are under the jurisdiction of the Canadian authorities, and are being held by the United Kingdom authorities as custodians.

It may be that some change will have to to be made in that situation after the United Kingdom has signed this treaty with Western Germany; but care has been taken by those who are to be parties to the treaty to see to it that it does not go beyond the rights and jurisdiction of those who are to be signatories to the treaty.

FOREIGN TRAWLERS

ENTRY INTO CANADIAN PORTS

On the orders of the day:

Mr. S. R. Balcom (Halifax): I should like to direct a question to the parliamentary assistant to the Minister of Fisheries. Will he explain why foreign trawlers are not permitted to enter Nova Scotia ports to secure supplies, as they are in Newfoundland ports?

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): The hon. member for Halifax was kind enough to leave in my office this morning notice of his intention to ask this question. I also received a telephone call from the hon. member for Cape Breton North and Victoria (Mr. MacLean) on this problem.

Section 10 of the Customs and Fisheries Protection Act prohibits, under penalty of forfeiture, the entry of foreign fishing vessels into Canadian ports or territorial waters, unless otherwise permitted by law or by treaty.

We have no treaties with any countries providing for port privileges to foreign fishing vessels on the Atlantic coast. However, under section 3 of the Customs and Fisheries Protection Act, as amended by section 9 of the

Statute Law Amendment (Newfoundland) Act, the governor in council is empowered to authorize the issue of licences to—(a) United States fishing vessels enabling them to enter any port on the Atlantic coast of Canada, and (b) any fishing vessels, enabling them to enter any port in the province of Newfoundland for the purpose of:

1. The purchase of bait, ice, seines, lines and all other supplies, and

2. The transshipment of catch and the shipping of crews.

Under this section, the governor in council annually issues an order authorizing the licensing of United States fishing vessels to enter Atlantic ports and any fishing vessel to enter the ports of Newfoundland to purchase bait and other supplies.

In the case of the United States vessels, this privilege dates back to 1888 when a reciprocity treaty with the United States was being negotiated. Pending the negotiation of the treaty these privileges were granted to United States fishing vessels as *modus vivendi*. The treaty was never ratified by the United States but the *modus vivendi* licences were continued on a yearly basis until this date.

In Newfoundland, foreign vessels, particularly those of Portugal, traditionally came into port for the purchase of bait and other supplies. When the terms of union were being arranged it was part of the agreement that these privileges would be continued and that the Customs and Fisheries Protection Act would be amended accordingly.

Mr. Balcom: May I ask a supplementary question? Will steps be taken by the Department of Fisheries or the department concerned to correct the situation so far as Nova Scotia is concerned?

Mr. MacNaught: I think that is a matter of government policy, and if any decision is made thereon, no doubt it will be announced in due course.

Mr. Pearkes: May I ask a supplementary question? What is the situation on the Pacific coast?

Mr. MacNaught: I understand that on the Pacific coast they have what is known as reciprocal port privileges.

AGRICULTURE

REQUEST FOR APPOINTMENT OF COMMITTEE TO INQUIRE INTO FARM MACHINERY PRICES

On the orders of the day:

Mr. P. E. Wright (Melfort): I wish to direct a question to the Prime Minister. In view of the unanimous request of the Saskatchewan legislature that the federal government appoint a special committee of this house to examine into the present prices of farm machinery, and farm machinery repair parts, will the government appoint such a committee at this session with powers similar to the 1936-37 committee on this matter?

Right Hon. L. S. St. Laurent (Prime Minister): I hope I am not of too suspicious a nature, but I do sometimes wonder whether, when there are certain provincial election campaigns going on, there is not some effort to get ammunition out of questions and answers or other forms of debate in this House of Commons. I hope that is not the purpose of this question.

Mr. Ross (Souris): Page the Minister of Agriculture.

Mr. St. Laurent: The answer of course is that the federal government does not appoint any committees, special or otherwise, of this house. Sometimes the government makes proposals to the house with respect to committees, but any decision or appointment is made by the house itself.

Whenever the government has decided to make such a proposal an appropriate notice is put on the order paper. No decision along the lines suggested in the question has yet been made by the government. If and when a decision is made for such a proposal, notice will be put on the order paper in the usual way.

PUBLIC BUILDINGS

INQUIRY AS TO AVAILABILITY OF STEEL

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): May I direct a question to the Minister of Public Works, particularly in view of the Prime Minister's reference to elections. Has the Minister of Public Works secured the steel for the post office at Oshawa, a picture of which appeared in the Oshawa local papers yesterday, together with a telegram saying that this was to be completed as soon as steel was available? Is the steel available?

Hon. Alphonse Fournier (Minister of Public Works): The Oshawa public building is causing me a little annoyance, because I am receiving communications from people of that riding of every tint and colour of political creed. I answered one from an outstanding C.C.F. person some time in March. That started off a series of letters, telephone calls and questions, and I have tried to give everyone the same answer. The specifications are nearly completed. If the steel situation eases, tenders will be called for, and a contract will be awarded as soon as possible.

Inquiries of the Ministry

Mr. Coldwell: I think this telegram was addressed to a gentleman named Lay.

Mr. Fournier (Hull): The letter to which I referred was that of a Mr. Fenwick; I think my hon. friend knows him. I have been answering telephone calls and addressing letters—but when the by-election is over I am sure I will have no other letters or telegrams.

[*Later:*]

Mr. J. A. MacLean (Queens): I had intended to ask of the Minister of Public Works a question already asked by another hon. member. Perhaps I might be permitted to ask this supplementary question: Would the minister care to clarify the situation regarding the availability of steel for the construction of public office buildings of a type proposed for Charlottetown and Oshawa?

Mr. Speaker: I think there is no urgency in this question.

Mr. Fournier (Hull): I am surprised that the senior member for Queens (Mr. McLure) did not put this question before the junior member put it. I would give the junior member the same answer I have given for years to the older one.

Mr. Knowles: What about Victoria-Carleton?

Mr. Ferguson: I should like to ask the Minister of Public Works when the town of Barrie may expect its new public building, which has been on the board for months.

Mr. Speaker: Order.

Mr. Fournier (Hull): As soon as possible.

Mr. Speaker: I suggest the hon. member might have asked that question during the discussion of the estimates of the Department of Public Works.

NATIONAL DEFENCE

TRANSFER OF ACCOMMODATION FOR KOREAN WAR VETERANS

On the orders of the day:

Mr. Carl O. Nickle (Calgary West): Mr. Speaker, I should like to ask a question of the Minister of National Defence. Were orders issued by western army command, effective last Monday, requiring married Korean war veterans of the Princess Patricia's to move from their homes at Calgary into barracks?

Mr. J. A. Blanchette (Parliamentary Assistant to the Minister of National Defence): In the absence of the minister, may I take the hon. member's question as a notice.

[Mr. Fournier (Hull).]

HOUSE OF COMMONS

HOLIDAY ON MAY 24—APPLICATION TO HOUSE STAFF

On the orders of the day:

Mr. F. D. Shaw (Red Deer): Mr. Speaker, I should like to ask a question of the Minister of Public Works relative to a statement he made in the house yesterday. May I ask him if all members of the staff of the House of Commons are to be granted a holiday tomorrow, or does it apply only to certain members of the staff?

Hon. Alphonse Fournier (Minister of Public Works): I would rely upon His Honour's judgment and discretion in this matter. I think every one would be satisfied with his decision.

Mr. Shaw: May I ask a supplementary question. Would the Minister of Public Works kindly suggest to His Honour that possibly we could close the cafeteria and restaurant tomorrow?

Mr. Speaker: Order. As a rule I do not answer questions from the chair. However, I think perhaps I might inform the house that a decision has been reached as to the closing of the cafeteria and restaurant. After consultation with the hon. member for Ottawa West (Mr. McIlraith) and other officials of the building it was decided that the cafeteria would be closed all day tomorrow. The restaurant will be open for breakfast and luncheon, but will be closed for dinner. The cafeteria will be open again on Sunday.

SUPPLY

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

DEPARTMENT OF TRANSPORT

Canal services—

464. Administration, $119,043.

Mr. Diefenbaker: Mr. Chairman, I am wondering if for a few moments I might be permitted to discuss a matter which might have been discussed under the item for departmental administration. I see no other item under which this subject might be properly discussed. For reasons that everyone will suspect, I was not here yesterday. Therefore I was unable to make these observations. If the minister would permit me—

The Chairman: Of course, I do mind; but if it is the consensus that it be done, then perhaps the hon. member might proceed.

Hon. Lionel Chevrier (Minister of Transport): If the matter the hon. member wishes to mention is the one I think it is, it could be discussed under one of the air items. There

is an appropriation for air services at the various airports in Canada. If the hon. member would not mind, I would prefer to have it that way, because the first item has passed.

Mr. Diefenbaker: The matter is not directly connected with air transport, although air services would form part of the subject I wish to discuss. The matter I have in mind really relates to three departments, and requires a degree of co-operation among them. Having regard to the fact that there has been a request from a number of organizations in Edmonton, Saskatoon and on to Winnipeg, by various boards of trade and the like, I should like the opportunity to speak now. I doubt whether what I have to say would be more applicable at a later time than it would be now, if I were permitted to return to item 463, which deals with departmental administration.

The Chairman: I do not think we could return to item 463, because it has been passed. This could not be done unless there were unanimous consent. It often occurs, however, that supplementary estimates are introduced; and if there is a departmental item at that time the hon. member would then have his chance to make his representations or perhaps it could be done under the item to which the minister has referred. I believe it would be easier to do it that way than to do it now.

Mr. Chevrier: It could be discussed under the item for air services.

The Chairman: If that is agreeable to the hon. member, we will proceed to the discussion of item 464, which deals with canal services.

Mr. Diefenbaker: Will it be satisfactory to have the discussion then?

Mr. Chevrier: Yes.

Mr. Diefenbaker: I have already discussed the matter with the minister. When we reach the item to which he referred is it understood that the discussion may take place then?

Mr. Chevrier: Yes, indeed.

Mr. Knowles: Would the minister indicate the reasons for the total increase of $11,909 in this item. I do not ask for a breakdown into all the various categories, but into main groups. At the same time, how much of the amount appropriated for the previous fiscal year was actually spent?

Mr. Chevrier: The increase in the canal services vote is due almost entirely to increases in salaries. The increases amount to $11,909, of which $7,000 is for increases in rates of pay announced in December, 1951. There is $1,560 for the reclassification of six engineers and $2,088 for one assistant technician, grade II, transferred from the Quebec canal services. A total of $97,400 of last year's estimates was spent.

Mr. Knowles: In view of the fact that $10,000 of last year's estimate was not spent, is the minister satisfied that the total increase is really required?

Mr. Chevrier: Yes, I believe it is.

Item agreed to.

465. Operation and maintenance, $5,061,650.

Mr. McLure: The first item here shows a deficit in operation of about $4 million and I was wondering what revenue is received from these canals.

Mr. Chevrier: The revenue for the last fiscal year was $1,408,746.

Mr. McLure: That would leave a deficit of about $4 million.

Mr. Chevrier: If you want to consider it in that light.

Mr. McLure: I want to consider it in that light. Later on we will be dealing with another item in connection with which I was never able to establish to my own satisfaction the difference between deficit and service. I understand that this canal item covers a service, and when we come to item 485 I shall want to know the difference between deficit and service.

Mr. Knowles: This item shows an increase of $383,543, and I note from the details that approximately $229,000 is necessary for increases in rates of pay. That leaves a difference of something over $150,000, and I should like the minister to give us the reason for that increase of over $150,000.

Mr. Chevrier: There were annual increases granted to 357 employees amounting to $23,296; other changes in rates and even with a reduction of 15 positions there was a net increase of $13,306; there were replacements for employees granted one week of summer vacation leave after five years in the service which amounted to $15,000; then there was additional labour requirement and increased rates of pay over 1951-52 amounting to $22,267; then there were overtime and increases in relation to the increases in rates of pay authorized during the fiscal year 1951-52, amounting to $10,070; there were also increases in the costs of material and supplies amounting to $37,052; there was an increase in the cost of repairs to buildings, works and equipment amounting to $39,000.

Mr. Knowles: The minister has not answered my question quite in the form in which I put it but perhaps the answer can

be put together by examining the figures he has given. When I asked my question I recognized that $229,000 of the increase was for increases in pay.

Mr. Chevrier: I did not deal with that in my reply; I eliminated that.

Mr. Knowles: The figures which the minister gave relate only to the other $154,000?

Mr. Chevrier: That is right.

Mr. Knowles: May I ask the same question I asked on the previous item? How much of the 1951-52 vote was actually spent?

Mr. Chevrier: Roughly speaking, $4,600,000.

Mr. Knowles: We have here another case where last year's vote was not spent, yet we are being asked to vote more money this year than was voted last year. The minister probably recalls the compliment which I paid his department when the items were first called the other day. I said that this was a well-run department and that it was a good example of the kind of service the government should render.

At the same time it seems to me that we should be given some detailed explanation as to why we have increases of this kind. It is not my intention to ask this kind of question on every item throughout the entire estimates, but I think on some of them at any rate we should be treated as a committee that has the right to be satisfied, just as the minister has to satisfy the treasury board, as to the reasons for increases of this kind. I press the point in the light of the fact that the total amount of money voted last year was more than was needed; it was not all spent. Yet we are now being asked to vote a greater sum of money. I wonder if the minister would just imagine that he is before the treasury board and justify this increase.

Mr. Chevrier: Mr. Chairman, what must always be kept in mind with reference to these votes is that they are estimates, much the same as the Canadian National Railways estimated budget which is dealt with every year and which never in fact corresponds with the actual expenditures. As a rule the estimate is much higher than the actual expenditure. If I were to make an estimate covering a construction job it might be for $1 million, but by the time the work was done it might cost $1,200,000 because of increases in prices and increased wages. Conversely, there might be savings to the department in connection with some of the items contained in the estimates now before the committee.

There are times when we are short and have to go to treasury board for authorization to take money from one vote and use it under another. That does not happen very often in the department, but from time to time that procedure must be followed. The best explanation I can give is that this is the best judgment the officers of the department can use when preparing the estimates for the following fiscal year, which as a rule is six to seven months prior to the expenditure taking place. Many things can happen during that time to account for a change in cost or a variation of conditions and the like.

Mr. Knowles: I appreciate the position taken by the minister, but I would point out that although these are only estimates, it is the sum total of these estimates which the Minister of Finance must raise by means of taxation. That means that it is our duty to check these estimates item by item. I wonder if the minister has information available with respect to this item from which he could tell the committee what the experience has been over the past number of years. For example, has this item always been over-estimated during the years the minister has been in charge of the department, or have there been years when it was under-estimated? Has it averaged out from year to year or have we have been voting too much money?

Mr. Chevrier: As a rule it has averaged out much as I have indicated. For instance, in this particular case the expenditure is within 2 per cent of the estimate. Then my hon. friend speaks of the responsibility of the Minister of Finance and what he does. It is true that the Minister of Finance is very careful to take all the water out of these estimates and to make sure that we do not over-estimate, but when you come to an estimate of this amount and it is within 2 per cent that is pretty close estimation. We like to be as accurate as we can but there are times when we fall short of the goal.

Mr. Pearkes: Is the water taken out of the canal or the estimates?

An hon. Member: Both.

Mr. Knowles: It is possible that the minister has not available the material and information with which to answer the question I asked, but I would appreciate it if he would be prepared, on the assumption that we may still be on his estimates this evening, to pick out some item and deal with it. Let him take the item that has not been concluded at six o'clock and tell us what the experience has been with reference to it over the last six or seven years. Let us get the picture as to the nature of the estimating that is being done. I fully agree that a 2 per cent figure is a very close one, but if there has been an over-estimate of 2 per cent every year it would appear that the time has come to reduce the estimate by 2 per cent.

Item agreed to.

Canal services—

466. Construction or acquisition of buildings, works, land and new equipment, $4,553,100.

Mr. Green: Will the minister explain this item? I understand that quite a large portion of it is for the construction of two tunnels under the Lachine canal. I should like to have an explanation from the minister.

Mr. Chevrier: There is just one of these items that is for the construction of a tunnel under the Lachine canal. While it is true that in the original statement I made I referred to both the Atwater and the St. Remi tunnels, I think I did say that the St. Remi tunnel was practically completed, and that only a small portion of this amount was for completion of that tunnel. The larger portion is for the Atwater tunnel under the Lachine canal. It will cost $7 million, and there is provision in these estimates for $2,892,000. One-third of the cost of the project is being paid by the city of Montreal.

With respect to the St. Remi tunnel, these estimates only provide for $30,000 which is the final payment on the project. The total estimated expenditure for that project was $4,200,000, one-third of which was also paid by the city of Montreal.

Mr. Green: Was the St. Remi tunnel also under the Lachine canal?

Mr. Chevrier: Yes.

Mr. Green: On what basis is it decided that these tunnels will be built? Are they highway tunnels running under the canal, or what is the purpose?

Mr. Chevrier: They were built to eliminate swing bridge operations. There was tremendous traffic on St. Remi street which I saw myself in company with officials. The traffic at times was so heavy that cars were lined up for as many as five and six blocks on either side of the swing bridge. The people of that area had to put up with the condition for a long period of time. The city of Montreal made representations to us, and after some time we decided that we would eliminate that traffic bottleneck by building a tunnel under the canal. It was after consultation and agreement with them that it was decided to share the cost on a one-third-two-thirds basis.

Mr. Green: What will be the total cost of the two tunnels?

Mr. Chevrier: $11,500,000.

Mr. Green: I would suggest that the minister go and stand on the Marpole bridge some day and he will probably see a greater traffic jam. It might be a good idea to build a tunnel under the north arm of the Fraser river. It would not cost so much, and I am sure the city of Vancouver and the province of British Columbia would be only too glad to co-operate. The situation in the case of these Montreal tunnels seems to be somewhat similar to that which exists on the north arm of the Fraser river with respect to the highway leading to and from the airport.

Mr. Chevrier: I have seen the traffic jam there on more than one occasion. It has been brought to my attention by members of the house and a senator who accompanied me on one occasion, but the position there is entirely different from that at Lachine. It is the responsibility of the canal services to provide access over their canals. There is not the same responsibility with respect to the Marpole bridge. There is no canal system there that I am aware of.

Item agreed to.

467. To provide for expenses in connection with the St. Lawrence ship canal services and investigations, $60,000.

Mr. McLure: This is not a large item but there is a large increase over last year. The amount this year is $60,000, an increase of $45,000. I should like the minister to give a short explanation of the item. It seems to be mostly composed of travelling expenses. There is an increase of $29,000 in travelling expenses. I should also like to know what is involved in professional services where there is also a large increase. Then there is a small amount for sundries which shows an increase of $2,500.

Mr. Chevrier: The large increase is due to the appointment of the board of engineers under legislation passed by the house with respect to the St. Lawrence seaway project. A board of engineers was appointed whose duties are to co-ordinate the application of the province of Ontario to the international joint commission. The board of engineers has been sitting fairly regularly since this appointment in an effort to co-ordinate the application to be made by Ontario to the international joint commission.

Mr. Green: What is the membership of that board?

Mr. Chevrier: The members of the board are Mr. R. A. C. Henry, the chairman, Mr. Guy Lindsay, director of special projects, Department of Transport; Mr. Norman Marr of the water surveys branch of the Department of Resources and Development; Mr. West, who has just left the chair; Mr. Rene Dupuis, who represents the Quebec hydro commission; and Mr. R. L. Hearn who represents the Ontario hydro commission.

Mr. Green: What steps have been taken to set up the St. Lawrence seaway authority?

Mr. Chevrier: No steps have been taken to set up the authority because it has been deemed advisable to wait for the formal application of the two governments to the international joint commission before appointing the authority.

Mr. Green: I can find no other vote in the estimates which has any connection with the St. Lawrence seaway authority. I take it this is the only vote, and that would indicate that there is unlikely to be very much progress made during the present fiscal year with the St. Lawrence seaway plan. I hope I am wrong.

Mr. Chevrier: You are.

Mr. Green: Perhaps the minister could give us some further information.

Mr. Chevrier: The fact that there is no other vote in these estimates concerning the St. Lawrence seaway is not at all an indication that there is likely to be no progress. On the contrary, I would say that progress has been remarkably good with our neighbours to the south. Following the appointment of the board of engineers, the representatives of the province of Ontario and the province of Quebec met and agreed upon the form of application which should go to the international joint commission.

Mr. Green: That is for the power project.

Mr. Chevrier: Yes. Later the Secretary of State for External Affairs and myself visited the White House at Washington where we were given the assurance by the President of the United States that he would join with us in an application to the international joint commission for the development of power, it being understood of course that Canada would undertake to develop the navigational facilities on its side of the line. That we did undertake by means of an exchange of notes.

Mr. Green: Have they been tabled?

Mr. Chevrier: I do not know. Then, a group or team composed of legal experts and engineers representing Canada went to Washington, and there discussed with an opposite team the details concerning the United States application to the international joint commission. Those talks have been going on extremely satisfactorily.

Now, there are still some difficult points to iron out, and the committees are negotiating with each other. I am unable to say when it will be possible to file the application with the commission, but I trust it will be soon.

[Mr. Green.]

Mr. Green: The application to which the minister refers is an application for permission to instal a power project as distinct from the seaway, is it not?

Mr. Chevrier: That is right.

Mr. Green: What progress has been made with regard to the seaway?

Mr. Chevrier: With regard to the seaway, a large part of the work was in part completed under the original plans, and meanwhile the officers of the Department of Transport, the special projects branch under Mr. Guy Lindsay, are proceeding with plans for the completion of the canal. There have been a number of sites considered for the location of the canal. Borings have been practically completed, or they have been started if they are not completed, to determine the nature of the soil in the vicinity of the area where locks will be constructed. If the international joint commission were, for instance, to decide tomorrow in favour of the joint power project, our plans are in such shape that they could be completed in a fairly short period of time to allow us to go ahead with the navigational features.

But I would remind the hon. member that the navigational features could not be completed or begun, for that matter, until the main dam at the Long Sault, the control dam at Iroquois and the power houses at Maple Grove were completed.

Mr. Green: Is it the intention of the government to wait for some further time in the hope that the United States government will agree to the joint seaway scheme?

Mr. Chevrier: I do not know that I can answer that except in this manner. We are negotiating with the United States now in the hope that it will be possible to iron out the details of the joint application to the international joint commission for the power project.

Mr. Green: There is no intention of Canada going it alone with regard to the seaway at the present time?

Mr. Chevrier: Oh, yes, that is what I have been saying all along. I hope I have not left any other impression. That is the object of launching the joint application with the United States to the international joint commission, that is for the development of power. We have given the assurance that if that is approved by the international joint commission we will proceed with the navigational features.

Mr. Green: In what vote do we find the expenditures for these borings? They could not be in this vote?

Mr. Chevrier: Yes, in this vote, in which there is a $45,000 increase, and that provides for the expenditures of the joint board of engineers. There is no other vote providing for additional expenditures for plans for the navigational features to which I referred. The supplementary estimates will be tabled later, and if progress is such as to warrant a vote in those estimates we will have that done.

Mr. Green: I bring that up because these borings and other preliminary work to which the minister referred cannot be very extensive if the whole of that expenditure, as well as the expenditures of this board, are covered in the $60,000 item which we are now considering.

Mr. Chevrier: I would remind the hon. member that most of the personnel are permanent employees of the government and are being paid under other votes. This covers telegrams, telephones, office expenditures, and so on to some extent.

Item agreed to.

Marine services—

468. Marine services administration, including agencies, $571,414.

Mr. McLure: I should like to ask the minister how many steamers are operating in this service in the maritime provinces. I should like to ask also whether the coast guard service comes under this item or items 469 or 470.

Mr. Chevrier: May I answer those two questions under the next vote?

Mr. Green: Is this not the branch of the minister's department which has charge of the search and rescue work?

Mr. Chevrier: No, the Minister of Transport is no longer responsible for this work. It has been transferred to the Department of National Defence, R.C.A.F., search and rescue branch. It was assigned to them following an investigation made by a committee on which the Canadian maritime commission was represented and which was then under the chairmanship of Mr. Justice Clyne, and the recommendation, which was adopted by the government, was that the service would be better looked after by the R.C.A.F.

Mr. Green: The Department of Transport has some responsibility, because on page 9 of the last annual report of the department it is stated that departmental vessels, both large and small, form part of a fleet of some 200 government operated ships which have been co-ordinated into a general marine search and rescue system in Canada, and which co-operate with the R.C.A.F. and civilian aerial search work. What we would like to know is what part the Department of Transport plays in that work.

Mr. Chevrier: The Department of Transport plays the same part as any other departments that own or operate ships. The initiation of search and rescue operations lies with the R.C.A.F. They call upon the various ships of government departments, as they call upon us, and we would go to the assistance of a distressed vessel if our ship happened to be close to the scene at the time; that is the extent of the responsibility of the Department of Transport.

Mr. Green: For example, in January of this year there was a plane crash just off the airstrip at Sandspit. Most of the occupants of the plane lost their lives. Some were rescued by a small boat which put out from the shore. The accident occurred within a comparatively short distance of the shore, and there was severe criticism of the government owing to the fact there was no crash boat at that airstrip. That, of course, would seem to be the responsibility of the Department of Transport. I am wondering whether steps have been taken since that accident to have some lifesaving service established, because the airstrip is in a position where an accident of this kind might easily occur and it is used quite frequently. This was a tragic disaster, and those lives might have been saved had there been a crash boat there.

Mr. Chevrier: I do not know whether or not I made myself clear a moment ago. To what I said perhaps I should have added this. There are across Canada places where the Royal Canadian Air Force maintains certain air rescue operation centres. From those centres it works by radio, by telegraph, and by telephone the moment it is advised of a casualty. I know something of the disaster to which my hon. friend refers because it was brought to my attention by the air services branch of the department. It was unfortunate that at the time there was no vessel that could go to the rescue of this plane immediately. Notwithstanding that, I think the air force had planes in the air to see what could be done to assist those who were in danger. The recommendation of the committee, however, was that the R.C.A.F. would co-ordinate the services of all departments. We try to serve at their direction.

The hon. member will recall that we discussed coastguard services at some length, but we felt that this perhaps would be the better of the two alternatives, having

regard to the cost of maintaining and building cutters. It is true that it does not work out well in all circumstances; but I can refer to other cases in which it has been exceedingly helpful to have our ships in the vicinity of an accident. One never knows when or where an accident is going to strike. We do our best to meet the situation.

Mr. Green: Has a crash boat been placed at Sandspit airport since the accident? In this particular accident these people got out of the plane. They apparently got out of the cabin of the airplane and then it gradually sank. Eventually nearly all of them lost their lives. The only ones who were rescued were picked up by some ordinary rowboat or some sort of home-made affair which happened to be available on the shore. I would hope that by this time some lifeboat has been placed there. Perhaps the minister could tell us what the situation is. He knows the place in question is on the Queen Charlotte islands in an isolated spot. If a lifeboat has not been put there since, I hope it will be possible to have one put there without much further delay.

Mr. Chevrier: May I ask my hon. friend to await the answer to that question until the air service officers are here? I am not able to say of my own knowledge.

Item agreed to.

Marine services—

469. Marine service steamers—administration, $63,435.

Mr. McLure: The minister was going to answer my question on item 469.

Mr. Chevrier: The hon. member was anxious to get a list of our ships in the maritime provinces. They are as follows: In the Newfoundland agency, the *Sea Beacon;* in the Dartmouth agency, the *Bernier,* the *Cornwallis,* the *Lady Laurier,* the Halifax harbour launch and the *Sambro,* lightship No. 15 and the lightship No. 14; in the Charlottetown agency, the *Brant* and the *Sorel;* in the Saint John, New Brunswick, agency the *Dollard,* the *Franklin* and the *Lurcher* No. 2.

I think the other question of my hon. friend has been answered already.

Mr. Browne (St. John's West): Is the *Sea Beacon* the boat that was being built last year? Is that a new boat?

Mr. Chevrier: Yes.

Item agreed to.

Marine service steamers—

470. Operation, maintenance and repairs, $4,670,783.

Mr. Pearkes: I think this is the right item under which to raise a question I am anxious to speak about, namely the damage to one of the weather ships which occurred during the winter storms last year on the Pacific. One of the vessels was damaged, and I believe it has been partially repaired. The point I want to make is that the crews of these vessels suffer a great deal of hardship owing to the exposed nature of their work. The station is in the middle of the Pacific, in difficult climatic conditions. During the storm I understand that the crew of the vessel had an exceedingly trying experience. It has been suggested that better accommodation could be provided on the ship itself. I know of the good work which the crews of these ships are doing. They are rendering a valuable service. All sorts of agencies rely upon the weather report. I also know, however, of the unpleasant nature of their task, in that they are stationed in the middle of the ocean and are obliged to put up with very inclement weather. I would ask whether any consideration is being given to the matter of whether it is possible to improve the living quarters and general facilities on these weather ships whose crews endure great hardship during winter storms.

Mr. Chevrier: I agree with my hon. friend that the life of those who have to stay for long periods of the year on lightships is sometimes a monotonous one. I visited a lightship at the mouth of the Saguenay—

Mr. Pearkes: I was referring to weather ships.

Mr. Chevrier: I know that; but the lightship at the mouth of the Saguenay gives to the layman some idea of the life of people who are stationed on such ships. My hon. friend referred to a lightship on the west coast.

Mr. Pearkes: I was speaking about weather ships.

Mr. Green: Out in the middle of the Pacific.

Mr. Pearkes: One of those ships that the minister inspected about two years ago, as he will recall, when it was moved.

Mr. Chevrier: The position of the crew has been substantially bettered by the vote which we had in the estimates last year and part of which I believe is in this estimate. That is the one which provides for an alternate ship, the *St. Stephen,* which will be based at Victoria. It will be a sort of stand-by ship and will enable those who are out some 500 miles northwest of Victoria, in the other two weather ships, to be relieved from time to time. Provision has been made for recreational facilities, and living conditions for the men are being considered from time to time by the

superintendent of marine services. I know it is a rather monotonous life; in fact, it is a monotonous life. We try to make it as interesting as possible and as I said before we have now provided three ships to operate the weather station.

Mr. Pearkes: It is not so much the monotony of the life to which I refer. I believe that the conditions are almost hazardous during the winter storms. If the minister will look into the matter and see whether something cannot be done to improve the actual conditions of the crew while they are on stations, I should be glad. I know that everything possible is done when they come back into port. But while they are actually on stations I suggest that, from the information I have received, improvements can be brought about in their condition. I hope the minister will look into the matter.

Mr. Chevrier: I shall be glad to look into it.

Mr. Browne (St. John's West): At page 521, in the details of services there is an item, "charter of aircraft for aerial ice survey, $15,000". Can the minister tell me what those aircraft are used for and where they are based?

Mr. Chevrier: Those aircraft are for the survey of ice in the Atlantic. The object of these surveys is to ascertain what the ice conditions are so that our people can have some idea of when navigation is likely to open.

Mr. Browne (St. John's West): Where are those aircraft based?

Mr. Chevrier: They are based at Charlottetown.

Item agreed to.

471. Construction or acquisition of vessels and equipment, as detailed in the estimates—capital, $4,351,000.

Mr. Green: In this vote there is an increase of nearly $2 million. It has been practically doubled since last year. Can the minister explain why that was necessary?

Mr. Chevrier: Yes. This is due exclusively to a program of new ships. I dealt with it in my original statement, but briefly it is due to an item of $3,770,000 which is entirely new, which we expect to spend this year on the ice breaker which is now under construction at the Davie shipbuilding yard at Lauzon. It is also due to an item of $300,000 for a lighthouse supply and buoy vessel for the Saint John, New Brunswick, agency, which will cost $2,200,000. We do not think it will be possible to spend more than that amount on the Saint John vessel this year, that is, more than $300,000. Then there is for construction and acquisition of equipment for repairs to the *Lady Laurier* and certain installations the sum of $246,000, which totals up to $4,351,000.

Mr. Green: The equipment item on page 521 of $246,000 is just about ten times the amount voted last year. Why should there be that increase for equipment?

Mr. Chevrier: Well, it is not an increase in equipment so much as it is for repairs. For instance, for the reconditioning and fitting of the *Lady Laurier,* there is $150,000. That is more than an ordinary item, because the *Lady Laurier* is in pretty bad shape, which my hon. friend would know if he had seen it. She is an old ship, and will have to be replaced in due course, but we feel that if we spend this amount upon her it will keep her in operation for some time.

There is $45,000 being provided for five radar installations; $8,000 for two echo sounders; $3,000 for three radiotelephones, and two generators, which will cost $40,000.

Item agreed to.

Aids to navigation—

472. Administration, operation and maintenance, $4,819,338.

Mr. Green: I notice there have been a great many lightkeepers let out, or they may have been transferred to some other work. Can the minister explain why that was done, and also what disposition was made of these men?

Mr. Chevrier: Most of the men who have been let out were assistants to the head lightkeepers who are civil servants. They were under contract and not really civil servants or employees in the strict sense of the word. They were contractors. Some positions have been re-established, but others have been dropped.

Item agreed to.

Aids to navigation—

473. Construction or acquisition of buildings, works, land and new equipment, $1,439,210.

Mr. Browne (St. John's West): On aids to navigation, when speaking the other evening I drew the attention of the minister —and I wrote to him last year—to the entrance into Flower's Cove, where there are posts sticking up, one on an island and one on the land, a very primitive arrangement for entering into a harbour. Has anything been done to improve that situation since?

Mr. Chevrier: I have a memorandum covering my hon. friend's point, which he raised

earlier, but unfortunately I cannot lay my hands on it. Perhaps I can give it to him a little later on.

Mr. Browne (St. John's West): When I wrote to the department I got an answer back saying that nothing could be done to it during the current year—that is last year. It seems to me that the expenditure will not be very heavy, and it might be the means of saving a ship some day. That is a very bad port, with a lot of shoals around, and the captain has to be very careful going in. He cannot go right inside. There are just two poles sticking up at the present time, and not very high. He asked me particularly to draw the attention of the minister to this matter, and I hope he will give it consideration.

Mr. Chevrier: I think I have it now. Representations were made on behalf of the master of the *Northern Ranger* that range lights be established at Flower's Cove to mark the anchorage.

Mr. Browne (St. John's West): That is right.

Mr. Chevrier: The captain of the ship discussed the matter with the agent at St. John's, Newfoundland. He pointed out that the light maintained at Capstan Point would be much more useful if moved to Harbour Rock. That is being done. He also recommended that in addition range lights should be established, and that is being considered for next year.

Mr. Stick: I made representation last year to the department about navigation lights going into Bay Roberts harbour. I understand it is to be carried out this year. I do not know whether that has been done yet or not.

Mr. Chevrier: I am not able to tell my hon. friend whether it is in this year's estimates or not, but I can assure him, in view of his representations, it will be carefully considered, and if it is not in these estimates perhaps consideration can be given to putting it into the supplementaries.

Mr. Stick: It is only a small item. I think the cost would be in the vicinity of $1,000. A great deal of shipping goes in and out of there all the time, and it is vitally necessary for navigation.

Mr. Dickey: I do not want to hold up the committee, but I should like to express a word of appreciation of the consideration that the officers of the department who deal with these matters of aids to navigation give to the representations that are made by the fishermen and others who depend on these aids. The officers do not always agree with the requests that are made, but it has been my experience that they always give them very fair and considered attention, and that certainly in most cases, even if they cannot meet the requests in full, they find some acceptable compromise that meets the situation.

There is one phase of the matter that I think could be given some consideration, and that is the maintenance contracts for spar buoys and other small aids to navigation. These services are carried out by the people of the areas concerned under arrangements made by the department. I think in most cases the amounts paid under present conditions are not sufficiently high. The individuals supply their own materials and there have been increases in cost of paint and that sort of thing. I know that the minister and the department have been giving attention to this matter, but I would urge that the whole matter be given careful consideration to see whether some slightly higher scale could be brought into effect for this year.

Mr. Green: The minister did not explain why it was necessary to increase item 473. It is more than double.

Mr. Chevrier: Well, I explained that it was because of the new program for ships.

Mr. Browne (St. John's West): Item 473 is different.

Mr. Chevrier: The large project of the ice breaker for the Department of Transport.

Mr. Green: That is not item 473.

Mr. Browne (St. John's West): The details are given on page 524 of the estimates.

Mr. Green: It reads:

Construction or acquisition of buildings, works, land and new equipment.

Details are found at the bottom of page 524.

Mr. Chevrier: There is a substantial increase there, due to the construction of a pier and tower at Gross Cap reef on lake Superior, twelve miles above Sault Ste. Marie, at a cost of $350,000, and the Agency wharf at Halifax is being rehabilitated at a cost of $180,000, and work is being done at Quebec at a cost of $70,000. That makes up the total of the increase.

Mr. Browne (St. John's West): Where is the one on lake Superior?

Mr. Chevrier: Twelve miles west of Sault Ste. Marie.

Item agreed to.

Nautical services—

474. Administration, $158,952.

Mr. Green: I believe the training of merchant seamen comes under this item. What plans are now in effect for the training of

young merchant seamen? Is there still any rehabilitation of merchant seamen who served in the last war?

Mr. Chevrier: We are contributing certain sums of money to the training of merchant seamen at Vancouver, Halifax, Yarmouth, Saint John, New Brunswick, and in addition St. John's, Newfoundland.

Mr. Green: On what basis is that done? Does the department contribute to a vocational training school, does it operate a training school of its own—or just what is the program? How many young men are being trained in this work?

Mr. Chevrier: We pay 50 per cent of the cost of operation of the schools. I am informed the provinces operate the schools. I have not the numbers available.

Mr. Green: Could the minister get that information?

Mr. Chevrier: I can, and I shall send it to the hon. member in writing. We will have to get the information from the provinces.

Mr. Green: Is the scheme sufficiently broad to ensure a steady stream of young men qualifying for service in the merchant navy?

Mr. Chevrier: I am informed that it is. I have in mind one school I visited last summer. It appeared to be up to date. They have a number of students whom they train to serve as able-bodied seamen, engineers and for other divisions of the merchant navy, including masters, mates and the like. We make a contribution to the operation of the schools. Sometimes we help in the provision of equipment. I was informed by the director of the school I visited that there are more than enough young men going through there to provide for the demands of that district.

Mr. Green: Which district was that?

Mr. Chevrier: That was Quebec. I visited the school in Vancouver three years ago, and I believe it is one of the most up to date in Canada. It is operated on the basis of a contribution from the federal government. While I do not know of the exact position in Vancouver, I believe I would know if a satisfactory number of merchant seamen was not being provided, because the shipping companies would call upon us for assistance.

Mr. Green: Are there still some veterans of the recent war taking training?

Mr. Chevrier: I am informed there are still a small number.

Mr. Green: Is the scheme being closed off?

Mr. Chevrier: Yes.

Mr. Browne (St. John's West): I had intended to ask what was being done in Newfoundland, but I thought that would come under the next vote.

Mr. Chevrier: It would; but I did not wish to interrupt the hon. member for Vancouver-Quadra.

Item agreed to.

475. Operation and maintenance, including grants and contributions, as detailed in the estimates; rewards for saving life from vessels in distress; subsidies to salvage companies, and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen as defined in section 296 of the Canada Shipping Act, $318,364.

Mr. Browne (St. John's West): I do not see any amount here for Newfoundland. Is there one? I see one for Vancouver and another for Kingston.

Mr. Chevrier: I am informed there is no vote here for Newfoundland. Negotiations are being concluded with the provincial government for the establishment of such a school. That is why it is not here.

Mr. Browne (St. John's West): I should like to know the details. Is it just by correspondence?

Mr. Chevrier: No.

Mr. Browne (St. John's West): What does the minister mean when he says that arrangements have been made?

Mr. Chevrier: I was saying, in effect, that negotiations had been entered into with the provincial government, and my understanding is that they have been concluded. I do not know what the terms of the arrangement are. I would presume however that they would be the same as in the other provinces, namely that Newfoundland would establish a school, maintain and operate it, and we would make a contribution to the extent of 50 per cent.

Mr. Browne (St. John's West): Let me advise the minister that we have had a school down there for many years, one which was operated by the Dominion of Newfoundland, when it was a dominion. We had a much higher standing than exists in other schools of navigation in Canada. Our masters had tickets from the board of trade in London, and those tickets are rated higher than the Canadian ticket. Does the minister expect there will be a vote for Newfoundland in this connection in the supplementary estimates this year? Does he expect negotiations will be concluded in time for that?

Mr. Chevrier: I cannot say at the moment; but if they are concluded I can assure my hon. friend that there will be an item in the supplementary estimates.

Mr. Browne (St. John's West): The school down there has been operating for a number of years and has been doing remarkable work. It would be useful if encouragement were given.

Mr. McLure: In item 475 there is reference to rewards for saving life from vessels in distress. Did I understand the minister to say that the Atlantic coastguard service does not come under his jurisdiction.

Mr. Chevrier: That is right.

Mr. McLure: I believe the matter about which I shall now speak would come under the minister's jurisdiction. Last winter, it will be recalled, the *Winnie Anne* was lost off the coast of Nova Scotia on January 28. The gallant crew of the *Gladys E. Sweeney*, under Captain Ernest Wilson, went to the rescue of the *Winnie Anne*, when none of the coastguard boats would venture out. Captain Wilson and his crew, in one of the worst storms ever known on the Atlantic coast, had no difficulty in getting a crew and manning the *Gladys E. Sweeney*. At the risk of their own lives they snatched from the jaws of death the captain and crew of the *Winnie Anne*. Had they had proper gear, such as the coastal service should have, they could have saved the *Winnie Anne*. What is going to be done for the captain and his men?

Mr. Chevrier: I shall be glad to look into the case which my hon. friend has brought to the attention of the committee. I remember having seen something in the press about it, but I am not familiar with the details. I shall be glad to look into it and perhaps I can tell him later what provisions if any can be made to cover this case.

Mr. Catherwood: I notice that there is a decrease in this item and I hope that does not mean a lessening of the services with respect to the protection of our seamen.

Mr. Chevrier: The decrease is brought about by the dropping of eight positions. These positions have been abolished because schools have been established and it is not necessary to carry these instructors.

Mr. Catherwood: There will be no lessening of the service?

Mr. Chevrier: It will not affect the service at all.

Mr. Browne (St. John's West): There is an item in the details of $13,200 for professional and special services; what does that cover?

Mr. Chevrier: That is for the payment of legal fees, assessors' fees and court reporters' fees in connection with investigations held under the Canada Shipping Act.

Mr. Gillis: Would the minister satisfy my curiosity about the meaning of the phrase "and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen."

Mr. Chevrier: Section 296, subsection 5, of the Canada Shipping Act reads:

(5) For the purpose of this section, excepted expenses are expenses incurred in cases where the certificate of the proper authority obtained on leaving a seaman behind states, or the minister is otherwise satisfied, that the cause of the seaman left behind is desertion, or disappearance, or imprisonment for misconduct, or discharge from his ship by a naval court on the ground of misconduct, and expenses incurred on account of the return to a proper return port of a distressed seaman who has been discharged at the port at which he was shipped, or at some neighbouring port.

Mr. Gillis: A seaman who belongs to Vancouver may be stranded in London and be shipped back to Halifax and still be as far away from home as ever, since he would have approximately 4,000 miles still to go. We have had people ask for donations to help someone who belongs to Vancouver but who has been landed in Halifax. Would not repatriation in this case mean repatriation to the seaman's home port rather than landing a man who belong to Vancouver at Halifax or a man who belongs to Halifax at Vancouver? If the department assumes responsibility under the act to repatriate a seaman from some other part of the world, should it not also be responsible to see that he gets back to his home port?

Mr. Chevrier: I am informed that it would be covered by the articles of agreement. If he signed articles at Vancouver, he would be repatriated there if he did not come under the exceptions in section 296. Otherwise he would be repatriated to the port where he had been taken on.

Mr. Browne (St. John's West): Are there regulations under that section? A master might declare a man to be a deserter when he was not a deserter in fact. A master might dislike a seaman, put him ashore and say that he was a deserter, and log him as a deserter.

Mr. Chevrier: I am informed that there are no regulations, that the matter is governed exclusively by the Canada Shipping Act.

Mr. Browne (St. John's West): How much money was spent last year out of this vote?

Mr. Chevrier: It is not broken down in such a way that I could tell my hon. friend, but I will find out and give it to him later.

Item agreed to.

476. Pilotage service, including authority for temporary recoverable advances not exceeding $20,000, $421,264.

Mr. McLure: Has the department considered providing a small tug in connection with the pilotage service at Charlottetown, or is this service to be conducted under the same old system?

Mr. Chevrier: This vote provides for pilotage service and other assistance to pilotage districts in Montreal, Halifax, Saint John, Sydney, Quebec and Vancouver. There are many pilotage operations in Canada which are not carried on under districts. These places have their own pilotage commissions, and this applies to Charlottetown.

Item agreed to.

477. Steamship inspection and the carrying out of the provisions of the conventions for the safety of life at sea and load lines, $543,764.

Mr. Browne (St. John's West): I notice on page 10 of the report of the department for 1951 reference is made to the board of steamship inspection, and this statement is made:

> Similarly, meetings have been held with a view of applying the provisions of the regulations to sealing vessels and other ships used in Newfoundland.

The minister may remember that the other evening I referred to fears that are current in Newfoundland that sealing vessels are going to be put out of business through the strict enforcement of the regulations. Has the minister anything to say on that point?

Mr. Chevrier: The new steamship regulations will apply also to Newfoundland. I am informed that our steamship inspectors have been in negotiation with the operators of small vessels in Newfoundland and our understanding is that they are perfectly satisfied with the method we are going to adopt in bringing these regulations into effect.

Mr. Green: I note that there is an increase in this item of $82,356. Can the minister explain this increase?

Mr. Chevrier: The increase in rates of pay announced in December, 1951, amount to $31,000; $68,817 is for 67 annual increases; $33,768 is the additional cost of eight added positions of ship inspectors. My hon. friend will remember that representations were made for additional ship inspectors during the last discussion of the estimates of the Department of Transport. These are the inspectors who will be required and provision is made for them. Not all of the eight have been employed yet but that is the estimate that we expect that we will have to pay. Basic salary rate increases for specific classes due to changes in classification of ship inspectors amount to $3,670, and there is a decrease of $899 for other net salary decreases which brings about the total increase to be found in the estimates.

Mr. Green: Were these additional inspectors required because of the new fire regulations which resulted from the *Noronic* disaster?

Mr. Chevrier: In part, and also for other reasons.

Mr. Green: What is the position now with regard to the enforcement of these new fire regulations?

Mr. Chevrier: I would have to take some time to deal with that fully, but to respond briefly to my hon. friend, we have put into effect all the recommendations of the Kellock commission which followed the *Noronic* disaster, and we have put into effect some of the recommendations of the Choquette investigation following the disaster involving one of the Canada Steamship Lines ships in the province of Quebec some time ago. As the house will remember, these recommendations were fairly stringent. They imposed the responsibility on ship owners of spending considerable sums of money in order to instal sprinkler systems, fireproof bulkheads, and fire alarm systems. All the operators on the west coast, the great lakes and the St. Lawrence and on the east coast have complied with the regulations.

Mr. Catherwood: How often are inspections made of these ships with respect to fire protection facilities? Are they made periodically each year?

Mr. Chevrier: They are made or should be made practically every time a ship comes into port.

Mr. Stick: In Newfoundland we have what is known as the Lloyd's surveyor. When a ship is damaged he examines it to see if it is seaworthy for insurance purposes. Would his inspection be accepted by the inspectors operating under our regulations?

Mr. Chevrier: Our ship inspector will accept the survey of the Lloyd's surveyor because that firm is recognized throughout the world. There is another firm whose survey or recommendations our inspector accepts, but the name escapes me at the moment.

Mr. Stick: Will Lloyd's accept our inspection? We have inspectors to inspect ships. Would Lloyd's have to survey them or would they accept our inspection?

Mr. Chevrier: I understand they accept our inspection.

Mr. Browne (St. John's West): Have you an inspector in St. John's?

Mr. Chevrier: We have.

Mr. Browne (St. John's West): Then there is no need for a Lloyd's surveyor there now. I take it you have taken over the position.

Mr. Chevrier: The point is some ships are registered with Lloyd's and other ships are not. We send our own inspector to inspect them.

Mr. Browne (St. John's West): Do you know who your inspector is there?

Mr. Chevrier: I am afraid I will have to get the name for you.

Item agreed to.

River St. Lawrence ship channel service—

479. Administration, operation and maintenance, $981,300.

Mr. Knowles: Item 479 is one where there is a decrease. I note that the decrease of $440,000 odd has been achieved despite the fact that there is an increase of $5,200 for increases in rates of pay, with which I agree. Would the minister indicate the basis of this commendable accomplishment? Does it set a pattern that he might have followed in connection with other items?

Mr. Chevrier: Perhaps I might take this opportunity to congratulate the new deputy chairman who has just taken the chair. I take pleasure in doing so not only because he is an able colleague in the house but because he was also a classmate of mine at Osgoode Hall. Nothing pleases me more than to see him occupy this position. I know how successful he was as a student in those days, and I am sure he will preside over our deliberations with fairness and with equal success. The hon. member for Winnipeg North Centre was inquiring as to the reason for the decrease. In the last supplementary estimates we included an amount of approximately $500,000 for maintenance dredging. It was not found necessary to include that item this time, and that accounts for the decrease.

Mr. Knowles: Was that sum of money expended last time?

Mr. Chevrier: Yes, it was.

Mr. Green: Would the minister give the committee some more detailed information concerning the votes for the St. Lawrence ship channel? Referring to the annual report of the department, I find that the ship channel is 200 miles long and extends from Montreal to below the island of Orleans. I note that it has a depth of 35 feet. I do not know what moneys are voted by the Department of Transport for this channel and what moneys are voted by the Department of Public Works, but perhaps the minister could give us the over-all picture of the situation. Apparently items 479, 480 and 481 all deal with the St. Lawrence ship channel.

Mr. Chevrier: Vote 479 is for the administration of the ship channel. Some years ago a branch was set up within the Department of Transport to deal with the maintenance of the ship channel. The channel is now dredged from a point thirty miles below Quebec city to the harbour of Montreal to an approximate depth of 35 feet. It is not fully that but it is almost 35 feet. Various committees have recommended improvement of the channel from time to time. It was not nearly as deep or wide five, ten or fifteen years ago as it is now. Provision has been made for that. That is taken care of in another vote, but this vote is for the purpose of administration expenses, including salaries of the headquarters organization. There are eighteen members of the technical, engineering and office staffs. Connected with the operation of the ship channel is the operation and maintenance of four inspection survey vessels, including the *Ernest Lapointe,* for a period of seven months of the year, also three sounding scows and two stone lifters, with a total of 104 full-time and seasonal crew members. Then for maintenance dredging under contract there is the sum of $400,000. Then there is maintenance of beacons and gauges for the ship channel, and expenses of dredging inspectors on the contractor's dredging equipment for which there is the sum of $12,200 odd. That first vote, number 479, deals with the administration of the ship channel.

The next vote is a contract capital vote, and by that I mean that a contract is given by the Department of Transport to widen the channel and build anchorages. For instance, after a Department of Transport committee had for some months given consideration as to whether or not the channel should be widened, additional anchorages provided and the channel deepened in certain areas, it was recommended to the department that a contract involving a certain list of work which is mentioned in the next vote be let. I referred to that in my opening remarks on the discussion of my estimates. This contract has since been awarded to Marine Industries Limited of Sorel for approximately $12 million. The work will be performed, I believe, at the rate of a quarter each year over a period of four years. I am informed that it is over a period of five years.

Mr. Green: What is the total amount for that contract dredging?

Mr. Chevrier: The total amount is $13,021,000. Perhaps I might give the committee the places where the work is going to be done, as recommended by the committee. At Bellmouth Curve, there is 1,100,000 cubic yards of dredging material to be removed; at Ste. Anne, 1,900,000 cubic yards; at the head

of lake St. Peter, 475,000 cubic yards; Nicolet-Port St. Francis, 1,750,000 cubic yards; Cap de la Madeleine, 400,000 cubic yards; Becancour shoals, 140,000 cubic yards; Bastiscan, 1,500,000 cubic yards; Grondines channel, 800,000 cubic yards; St. Antoine, 222,000 cubic yards; St. Augustin, 650,000 cubic yards: making a total of 8,937,000 cubic yards of material which is to be removed.

Then, the last vote under this section provides for work contemplated for 1952 by the St. Lawrence ship canal and the Montreal harbour committee in the nature of subsurface exploration and rock boring in the main river channel near the De Boucherville islands.

Mr. Green: I thank the minister for that information. It is quite clear that there are large sums of money being spent now, and to be spent, in order to keep this ship channel 200 miles long dredged out, to widen it and make various improvements. Naturally, as those improvements are made the annual cost of dredging will increase, because there will be a much bigger area to keep in shape. I am not quarrelling with that at all, because there is no doubt that Montreal is one of our great ports. I presume it is as a result of this expenditure in pursuance of this plan that the *Empress of Scotland* was able to come up the river from Quebec within the last few days and dock at Montreal. I understand that she is the largest passenger vessel, probably the largest vessel of any kind, that has ever been able to make that trip.

Of course, this is a good thing for Montreal, but it is rather hard on the port of Quebec. I am surprised that Quebec has not made some protest about it.

Mr. Chevrier: They have. They came up here in a delegation.

Mr. Green: However, I would point out that the port of Montreal—I am quoting now from the national harbours board report for the year 1951—had a total of 4,423 incoming vessels in the year 1951, of which 1,188 were deep-sea vessels and 3,159 were coastal or inland commercial vessels including fishing boats, and 76 are described as "others". The total tonnage handled in Montreal harbour last year amounted to 14,917,040 tons, and the total grain receipts amounted to 110,143,566 bushels. I bring those figures out because there is a similar problem arising on the west coast with regard to Canada's other great harbour. I refer, of course, to the harbour of Vancouver. Here in the east we have millions of dollars being spent to maintain a harbour at Montreal, and with that I am not quarrelling. The minister said that under this plan there are to be capital expenditures of between $13 million and $14 million, and in addition to that there is the huge annual expenditure for dredging.

The port of Vancouver has more ships incoming and outgoing than the port of Montreal. The figures for last year show a total of 30,789 incoming, as compared with Montreal's 4,423. We had 1,231 ocean-going ships, as compared with Montreal's 1,188. In cargo tonnage we were somewhat smaller, our figure being 11,157,900 tons as compared with the 14,917,040 tons for Montreal. With regard to grain, the figures for Vancouver are 88,156,729 bushels as against more than 110 million bushels for Montreal. These two ports handle by far the largest proportion of the grain. They are far ahead of all the other ports in Canada put together in business handled.

Unfortunately, we have only a 35 foot channel through the narrows into Vancouver harbour and in order to accommodate the largest ships, and particularly the largest new tankers, we have to have the harbour entrance dredged a further 5 feet.

When I raised this matter the other night, the minister said he was not sure whether his department had made any representations to the Department of Public Works. Perhaps he has been able to check up on that in the meantime. I cannot urge too strongly that the Department of Transport make strong representations to the Department of Public Works that this dredging be undertaken at the earliest possible moment.

I would hope that a vote could be included in the supplementary estimates so we will not lose another year. We expect to have an oil pipe-line terminus built in the Vancouver area shortly, and there are plans for tank farms on the harbour shores. Unless these tankers can go in through the narrows, the port is going to be severely handicapped. As I said, I do not quarrel with Montreal. I am glad to see that they have their development. I feel sorry for the port of Quebec. I think it has had a pretty raw deal down through the years. It is a great tragedy—and it is brought home to me whenever I go to that most interesting city in Canada—that so much of the water traffic has passed it by and gone to Montreal.

On the west coast we have this extremely serious situation with which I am sure the hon. member for Burnaby-Richmond will agree, as these tank farms are to be installed in his riding. I hope the minister will make representations to his colleague about this dredging and that we can expect something to be done along that line.

Mr. Chevrier: I was not able to say a great deal the other evening because the members of the harbours board were in Vancouver. They had been there for some weeks on a regular inspection trip. I will find out what the position is. They have probably discussed it with the port manager. Perhaps I can have something to say when we get on the national harbours board item later on.

Mr. Green: May I point out to the minister that the distance to be dredged is not great. It would not be more than half or perhaps three-quarters of a mile. The cost is small change compared with the money that is being spent in keeping up and developing the port of Montreal.

Mr. Goode: I would bring to the attention of the minister the fact that the tank farm of the Trans Mountain oil line will be situated in my riding and that there is a situation with regard to the second narrows bridge. I fully agree with the hon. member for Vancouver-Quadra when he points out the seriousness of the situation with regard to the first narrows bridge. The minister has said that he will make an investigation into the matter, and will refer to it under another item. But the matter goes a little further than that.

The situation at the second narrows bridge in Vancouver harbour will most materially affect the Trans Mountain oil line. As the minister knows, it is practically impossible to bring a ship of any size through that bridge at the moment. I understand there are some plans in the process of formulation whereby boats are to be taken through there. But I point out to the minister that these supposed tankers of some 40,000 tons that are to come into Vancouver harbour will not be able to approach the termini of the Trans Mountain oil line, a situation which will mean considerable extra expense to the company. When we come to the national harbours board part of the minister's estimates I hope we shall be able to discuss that matter a little more fully.

Mr. Browne (St. John's West): When was this contract for $30 million made with Marine Industries in Sorel?

Mr. Chevrier: A month or so ago. I announced it.

Mr. Browne (St. John's West): The new contract?

Mr. Chevrier: Yes.

Mr. Catherwood: Has this company, Marine Industries Limited, begun operations yet on this contract?

Mr. Chevrier: Not yet, no.

Item agreed to.

[Mr. Dickey.]

Railway and steamship services—

482. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $54,700.

Mr. Green: Will the minister explain this item.

Mr. Chevrier: Yes. This is an annual item that is put in the estimates for the cost of operation, maintenance, running repairs and general overhaul of five official railway cars. These cars are assigned to the Department of Transport for administrative services. Cars Nos. 1 and 2 are for the use of the governor general. Car No. 100 is assigned to the Prime Minister. Car No. 101 is assigned to the cabinet ministers and distinguished visitors. Car No. 104 is assigned to the Minister of Transport. There are seven car stewards paid from this appropriation, and it may be broken down as follows: total salaries, $21,200; materials and supplies, $4,000; repairs and upkeep of equipment, $27,500; sundries, $2,000. There is an increase of $2,700 which is attributable almost exclusively to increases in salaries and cost of materials.

Mr. Green: Surely this is one place where there could be some saving. As I remember it, we had only four of these cars a year or two ago.

Mr. Chevrier: Oh, no. The position with reference to these cars has not changed since I have been in the Department of Transport, and I am sure there was no change for a long time before that. There are five cars.

Mr. Green: I have no quarrel with the cars for the governor general and for the Prime Minister; but why on earth should we have to have a car for the Minister of Transport?

Mr. Gibson: Is there no gravy at all in this job?

Mr. Green: Or why should we have one for the Minister of Public Works?

Mr. Fournier (Hull): Oh, I have no car.

Mr. Green: The Minister of Public Works has a right to the use of one. The ministers get in this car and ride around the country any time they want to, and so do other members of the cabinet. We have travelling expenses. We have the cabinet going by air. When the Minister of Transport travels, I imagine he usually goes by air. When the Minister of National Defence travels, he seems to go by R.C.A.F. I suggest that the time has come to take another look at this vote. We are apparently keeping these five cars and keeping the staffs. In addition to that, somebody has to pay for hauling these cars on the railways.

Mr. Chevrier: They are hauled by the railways at their expense.

Mr. Green: Do the railways have to haul them free?

Mr. Chevrier: They do not have to do it, but they do it.

Mr. Green: There is no provision, legally, under which the railways must haul these cars free, but they do it as a courtesy?

Mr. Chevrier: That is right.

Mr. Green: I do not want to hurt the feelings of the Minister of Transport, but I suggest that ordinary cabinet ministers could just as well travel by drawing room.

Mr. Fournier (Hull): On foot.

Mr. Green: Perhaps the Minister of Public Works could go by foot. If he does not have a few more bridges built, he will have to swim.

Mr. Fournier (Hull): I could do that too.

Mr. Green: I suggest that this is an unnecessary expense and that this item, instead of being increased, should be cut down.

Mr. Knowles: I suggest that the position taken by the hon. member for Vancouver-Quadra should be given further consideration. I wonder whether we are not just carrying on a tradition that has been established, and doing so for no other reason than that it is established. There was a time when it was thought that certain important people should have special opportunities and privileges such as these. But with the way travel in ordinary sleeping cars has been improved, together with the improvements in air travel and in automobile travel, I wonder whether it is necessary to continue to maintain, at public expense, five official cars for use in this private way. The Minister of Public Works denied that he ever got a chance at these cars. I am not at all surprised—

Mr. Fournier (Hull): When I need one, I ask for it and I get it.

Mr. Knowles: Well, which is it? Does he, or does he not, use these cars? I imagine that most of the travel that is done by most of the ministers is not in private cars but just in ordinary sleeping car accommodation, or by air or by automobile. The conditions of travel have changed tremendously since the early days when this tradition was established. I do not know when this practice was first inaugurated; I suppose it was as early as we had railways in this country. Possibly it would be indiscreet to go the whole way and say "Cut them all out," although I feel that way. But perhaps we should keep the one for the governor general.

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

Mr. Knowles: Two, is it? I am not sure that even these need to be kept. At any rate, let us take another look at this practice. If we keep one or two, or even three, surely that is enough. I suggest the item is one in connection with which some saving could be effected, and I think it would be more in keeping with the spirit of the times, rather than keeping up this ancient tradition.

Mr. Dickey: I just thought I might say a word on this. After all, this is not a very large item in the estimates. Of the cars involved two of them are for the governor general. Personally I think most Canadians would agree that that is certainly a proper provision. The hon. member for Vancouver-Quadra said he had no quarrel with the Prime Minister having a car. I certainly agree with that. Therefore the question really reduces itself to whether or not we should spend any money to keep the other two cars which are available for the other members of the cabinet.

I must say, Mr. Chairman, that on balance I think it is probably an economic thing to have these cars available for the members of the cabinet. The possibility of using a private car for a trip on departmental business gives the minister an opportunity to do a certain amount of work and necessary business.

Mr. Knowles: What about parliamentary assistants?

Mr. Dickey: The parliamentary assistants do not get private cars. I am not speaking for myself.

Mr. Green: Not yet.

Mr. Dickey: No, and I do not think there is any possibility that they ever will.

Mr. Knowles: Why discriminate?

Mr. Dickey: The responsibilities of a minister and the demands on his time are very much greater than those on any parliamentary assistant, and I think we can get along very well.

Mr. Green: Don't forget that.

Mr. Dickey: Because of the responsibilities the ministers have, and the demands on their time, it is an economic thing and in the national interest to make it possible for them to travel with the facilities and in the comfort provided by a private car.

We hear a great deal of carping criticism in this house about travelling expenses of ministers. I can speak for the people of

Halifax, I think with confidence. They like to see the ministers travel around this country and get firsthand knowledge of what is going on in Halifax, and Vancouver. If the hon. member for Vancouver-Quadra does not want them to go out to Vancouver, I am sure his constituents would like to see the ministers of the crown taking an interest in what is going on in the parts of this country that are far removed from Ottawa. The money they spend on travelling expenses is very well invested in the national interest.

Mr. Johnston: Just before the minister replies I would like to say a word. I must agree with the two hon. members on this side of the house who have spoken. I do not underestimate for a moment the value of privacy for members of the cabinet when they are travelling across the country to do necessary work, but I think the argument put up by the hon. member for Halifax who just took his seat is not very sound. I can recall that since I have been here a great number of cabinet ministers have gone to different parts of Canada, and they did not use private cars. I do not mean to suggest that when they do very important travelling without the use of a private car they neglect their work. I am quite sure they would not do that.

Certainly people in different parts of Canada like to see their ministers travel around and visit them and see what is going on. I would like to see the Minister of Transport visit Calgary and spend an evening at the C.N.R. station. If he did that I would not have to argue so much for a new station. But I do not think he needs a special car; in fact I doubt very much whether he would want one on such an occasion. It does seem to me that it does not add to the prestige of a minister because he happens to travel in a private car. In fact I think it would improve his popularity if he were to take a compartment in a train. He should have that; he should have some privacy where he can conduct his business. Certainly it would not cost the country as much for a compartment or a drawing room in a train as it would to carry a special coach. The hon. member for Winnipeg North Centre has made a suggestion, and I think the department would do well to reconsider this item and see if some expenditure could not be saved in this country.

Mr. Browne (St. John's West): Has the minister any information on hand as to the number of times each of these cars was used during the past year and the number of miles it travelled? I have a great deal of sympathy with the minister because on occasion I suppose he must travel with the general manager and the chief engineer in order to inspect the railway. I do not know whether he does that, but I know that in Newfoundland we had one car which was used for that sort of thing, and it was very useful. Can the minister tell me the number of times these cars have been used, and the number of miles travelled in the past year?

Mr. Chevrier: No, I cannot answer that question, but I can answer it in another way. I can answer it in such a way that I think it will make those who have opposed this vote look rather foolish. I hesitate to do this, but I warn my hon. friends that I am going to do it, and they will take the responsibility for it.

I have been in the department for almost eight years. This is the first time in my experience that this vote has been opposed.

Mr. Green: Oh, no.

Mr. Chevrier: Oh, yes.

Mr. Knowles: Oh, no.

Mr. Chevrier: Oh, yes. There have been questions on it, but this is the first time it has been opposed in this manner. While I am not going to argue in favour of the position in so far as I am concerned, I am going to say this. Out of this vote of $54,700, $20,000 only is provided for the car used by the Prime Minister, car 101 used by others in the cabinet and car 104 for the Minister of Transport, so we are arguing about $20,000; that is all we are arguing about. That vote has been far more than it is today. It has been as high as $83,000 in the past, and it has been reduced considerably. A private car was provided in former days for the deputy minister of transport. That has been eliminated. Are we going to quibble about $20,000 in so far as these cars are concerned, particularly when very often it is necessary, in fact it is important, for the Prime Minister and other ministers to have a private car at their disposal so they can, as the hon. member for St. John's West said, bring railway officials with them.

I am embarrassed by having to defend this vote, but I do want the committee to know that it is not $54,700 we are arguing about; it is $20,000. That is what we are arguing about. If my hon. friends want to argue about that, let them go to it.

Mr. Knowles: What bothers me about the minister's remarks just now is that it does not matter what suggestion we make for saving a few dollars we are met with resistance. We are often told—somebody over there is saying it now—that it is small, that it is only $20,000. Well, to most people

in Canada $20,000 is still a fair chunk of money. We are told frequently that the savings we would suggest are only one or two per cent—and I hear the hon. member for Regina City talking about peanuts.

Mr. Sinnott: Peanuts for the C.C.F.

Mr. Knowles: Even peanuts, when they are added up by this government, become millions of dollars. In my opinion, instead of saying something that was going to be hard for us on the opposition side to take, I think the Minister of Transport strengthened our case. He admitted that across the years there has been some reduction in the amount of money spent for this purpose. I suggest that is a policy which should be continued. I do not know what the hon. member for Vancouver-Quadra had in mind, or whether I am stealing his thunder—and I am quite prepared to let him have it—but I have written out an amendment which would reduce this item by $20,000.

The Minister of Transport says that is what we are quibbling about. All right, I will accept his terms, that $20,000 is what we are seeking to save, and I think that is a step in the right direction. The total amount in the estimate is $54,700. That is for the maintenance of five cars. I suggest that reducing it by a little less than two fifths of the amount is a suggestion on our part that the time has come to reduce the number of private cars to three.

I move, as I indicated—

That item 482 be reduced by $20,000.

Mr. Green: My understanding of the statement by the Minister of Transport is that if this vote were reduced by $20,000 there would still be provision for two cars for the governor general and a car for the Prime Minister.

Mr. Chevrier: No; if this amendment were to pass the car of the Prime Minister and the other two cars would disappear. There would be provision only for the cars of the governor general.

Mr. Knowles: Tell us how much it costs to maintain three cars, two for the governor general and one for the Prime Minister.

Mr. Chevrier: Last year the cars for the governor general cost $34,216. You can figure out the rest; it would be $20,000 for the remaining three cars. So if the amendment passes, three cars disappear.

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

Mr. Green: No. I do not think there is any necessity at all for having two cars for the cabinet. I am not quarrelling at all with the provision for the cars for the governor general or for the Prime Minister. But here we have the position that the moment we suggest there could be a saving of $10,000 or $15,000, someone gets up and says, "Oh, there is nothing to that. It is too small. You are very petty in bringing it up", because that was the inference to be drawn from the remarks of the hon. member from Halifax. Someone else will say that this is just carping criticism. Well, the answer to that is that this is all money that has to be found.

Mr. Fournier (Hull): Does the hon. member express the views of the official opposition on this matter?

Mr. Green: We believe that this vote could be reduced. We believe it could be, reasonably.

Mr. Fournier (Hull): Does my hon. friend speak for the opposition?

Mr. Green: We believe that this vote could be reduced.

Mr. Fournier (Hull): Who are "we"?

Mr. Green: If the hon. member for Winnipeg North Centre is prepared to make his figure such as not to interfere with the cars of the governor general and the Prime Minister then I, personally, would be prepared to support him. The hon. member for Halifax talks about the great welcome the citizens of that city will give the Minister of Transport or the Minister of Public Works if they arrived in Halifax in a private car.

Mr. Fournier (Hull): If I arrive on foot they will not notice me.

Mr. Green: I am sure they would notice the Minister of Public Works, no matter how he arrived. He would just have to give them one of those big smiles of his, and he would outshine the sun and the moon. I suggest the argument offered by the hon. member for Halifax is not sound. Here is an opportunity to do a little saving; and, perhaps even more important, here is a chance to impress upon members of the cabinet that they should be economy-minded. It might help save them from becoming too conceited, which seems to be a tendency among cabinet ministers.

If the hon. member for Winnipeg North Centre would reduce the amount he mentioned to a size which would still allow cars for the governor general and the Prime Minister, I would support him. I would suggest that he reduce the amount to say $10,000.

Mr. Fournier (Hull): Make your motion.

Mr. Knowles: Well, I would rather save $20,000 than $10,000; but I would rather save $10,000 than make no saving at all.

Mr. Prudham: Upper berths cost money, too.

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

Mr. Knowles: If the committee will permit me to do so, I shall change my amendment, so that it will read—

Some hon. Members: No.

The Deputy Chairman: Order. I understand the hon. member can change his amendment only with unanimous consent.

Mr. Knowles: If it is beaten, then I can move another one.

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

Mr. Green: I move—

That the amendment be amended by deleting "$20,000" and substituting therefor the following: "$10,000."

Mr. Fournier (Hull): And that is the sub-amendment of the official opposition.

Mr. Gibson: Have we lost our sense of proportion around here? We are running a four and a half billion dollar business in Canada, and that is a lot of money. It takes a lot of time and effort to spend that much money intelligently. When I think of nineteen top executives, apart from the Prime Minister, in connection with whose travelling we are trying to save $10,000, I am forced to the conclusion that it is just simply ridiculous. I know of many company executives in British Columbia who do not do a hundredth part of the business these men do, but who are permitted to spend far more money for private automobiles and private travel than we allow our cabinet members.

When I look over at the government benches I often feel grateful. Let me add, in passing, that I am not in the habit of polishing apples; but when I look over there and see what these gentlemen do for the small salaries they receive; when I think of the miseries they endure, all for $18,000 a year, I think the whole thing is ridiculous. And if, by any chance, those gentlemen keep their jobs and work for such small salaries, even if some money is spent for private cars for their use, I think it is the cheapest form of salary we could pay them. In short, I think we are paying them in brass instead of gold.

Mr. MacLean (Queens): I believe one point is being missed in this discussion, and that the stand taken by hon. members on this side of the house has been misinterpreted. It should be remembered that perhaps fifty years ago private cars were about the only means of long-range travel which could be put at the disposal of members of the cabinet. At the present time, however, there are other means of travel which have come into widespread use. I am reasonably certain that the cost of transportation of cabinet ministers has increased considerably in the last fifty years. Even the suggested reduction would not bring the amount to anything near as low a figure as it was fifty years ago.

Other means of transportation are frequently used, and perhaps used more efficiently. I have in mind air transportation, and transportation by automobile. To have a balanced view of the whole matter one should take all these means of transportation into consideration. My feeling is that the use of private railway cars has become almost obsolete as a means of travel. Considering what is paid to maintain it, this means of travel is not used very much. The benefit derived by cabinet ministers is out of all proportion to the cost.

Amendment to the amendment negatived: Yeas, 11; nays, 34.

Amendment negatived: Yeas, 4; nays, 35.

Mr. McLure: I was paired with my sympathy for the few ministers sitting over there, and I did not vote.

Item agreed to.

Hudson Bay Railway—

483. To provide for the difference between the expenditures for operation and maintenance, and revenue accruing from operation during the year ending March 31, 1953, not exceeding, $325,000.

Mr. Knight: I notice there is an increase of $75,000 in this vote, and I was wondering if the minister could give us some particulars.

Mr. Chevrier: The operating revenues were $2 million; gross operating expenses were $1,925,000; net operating revenues were $74,000; other charges, such as equipment, rents, taxes and the like, $399,000; making a deficit of $325,000. The increase of $75,000 is due to an increase in the amount required to maintain the railroad and facilities, the cost of materials, as well as some implementation of the forty-hour week by Canadian National Railways on the Hudson Bay railway.

Mr. Knight: How many bushels of wheat were shipped through Churchill last year?

Mr. Chevrier: About seven million bushels.

Mr. Knight: As compared with the year before?

Mr. Chevrier: That was an increase of almost one million bushels over the previous year. It is estimated that there will be a movement this year of 7,500,000 bushels.

Item agreed to.

Hudson Bay Railway—

484. Construction or acquisition of buildings, works, land and new equipment—capital, $136,500.

Mr. Johnston: In view of the fact that an item has just been carried in connection with which it was decided to spend an extra $20,000 my conscience is clear as to what I am about to say. The other day I mentioned the necessity of having a union station in Calgary. I do not think I would be hurting anybody's feelings if I said that the Canadian National station is a disgrace to a city the size and importance of Calgary.

Mr. Chevrier: Does the hon. member want to discuss a new station for Calgary?

Mr. Johnston: Yes.

Mr. Chevrier: The hon. member cannot discuss it under this item, which covers capital construction for the Hudson Bay railway.

Mr. Johnston: I was looking through the estimates trying to find an appropriate item.

Mr. Chevrier: That was the first item which was passed and the hon. member spoke on it three times.

Mr. Johnston: I do not think the minister expressed an opinion as to whether it would be possible to have a union station in Calgary in the reasonably near future. This is very important from the standpoint of the people in the west.

Mr. Knight: What are these buildings covered by this vote?

Mr. Chevrier: There is $58,000 for an express office and shed at The Pas; there is $7,000 for a roadmaster's dwelling at Gillam; there is $4,000 for an extension to the engineers' bunk house at Gillam; there is $41,000 for track material consisting of 80,000 rail anchors to be installed between The Pas and Churchill; there are other small items ranging from $1,800 to $4,500 making up the total of $136,500.

Mr. Knight: Can we assume from the fact that improvements are being made that an increased use of the road is anticipated?

Mr. Chevrier: Not necessarily, but it is anticipated by the statement I gave a moment ago that there will be an increased use of the facilities.

Mr. Knight: What does this item of $2,700 for construction or acquisition of equipment cover?

Mr. Chevrier: There are two track motorcars costing $800 each for The Pas.

Item agreed to.

Prince Edward Island car ferry and terminals—

485. To provide for the payment during the fiscal year 1952-53 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport made from time to time by the national company to the Minister of Finance and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year, 1952, $1,485,000.

Mr. McLure: Mr. Chairman, this is the first time I have had an opportunity to ask a question under your chairmanship. I was glad to hear the minister give you such a nice recommendation. Among other things he said that you were a colleague of his at Osgoode Hall, but we will not hold that against you. This item of $1,485,000 is in connection with the Prince Edward Island car ferry and terminals, and is to provide for the payment to the Canadian National Railways for the services they render under contract with the government. I have always taken objection to this being called a deficit. Earlier in the day I asked about the difference in connection with the canal system which is operated more directly by the government. The canals do not pay their way by any means, but the difference is not charged against the provinces. In that case the amounts go through the public accounts year after year as a deficit.

We all know that the car ferry pays well for the service rendered. While we cannot get a statement, I am of the opinion that if the car ferry were given credit by the railroad, as it should, for the proportion of the long-haul freight it brings to the Canadian National Railway, there would not be this deficit, as they term it, of $1,485,000. In addition the terminals are included, and they should not be a part of the operating cost. When the terminals were built a capital account should have been set up for them so there would not have to be yearly charges, although small charges might be made. I am also glad to see that they have changed the heading this year and that the vote is under "railway services", but then they spoil that by saying the payment is to be made to the national company to meet the deficit, as certified by the auditors of the national company, in the operation of the Prince Edward Island car ferry. It is also provided that the applications for payment must be approved by the Minister of Transport. In that case he would have his own auditors conduct an audit to see whether the audit made by the company's auditors is correct.

I do not believe we have the correct figures for the freight that is hauled. The Canadian National Railways secure a large amount of freight that originates in Prince Edward

Island, and they get it for nothing, so to speak, because they have not one nickel invested in the boat or anything else in connection with it. It is a connecting line that brings in a big revenue. Therefore a higher percentage of the freight charges should be credited to the boat than merely on the basis of the carriage of freight for a distance of eight or nine miles.

The word "deficit" is only used once, and I do not see why the word "service" could not have been used in the description of the item. The federal government is duty bound to render this service to the province of Prince Edward Island if they want to live up to the agreement made in 1873. I have brought this matter up time and time again. Someone may say: What does it matter whether or not it is called a deficit? It matters a great deal. When one goes to the Minister of Transport or his department and asks for something the officials say: Look at the deficit you have already. I have said dozens of times that there is no such thing as a deficit involved. I take objection once more to the word "deficit" being used. It is not necessary. It should be referred to as a service. The same thing applies to the details of the item. The word "service" should be used instead of "deficit". For the reasons I have given I think the change should be made.

Item agreed to.

Canadian National (West Indies) Steamships, Limited—

486. To provide for the payment from time to time to the Canadian National (West Indies) Steamships, Limited (hereinafter called "the company") of the amount of the deficit occurring during the year ending December 31, 1952, in the operations of the company and the vessels under the control of the company, as certified by the auditors of the company, and upon applications made by the company to the Minister of Finance and approved by the Minister of Transport, not exceeding $734,000.

Mr. Browne (St. John's West): How many ships are operating on this route?

Mr. Chevrier: Speaking from memory, I think there are eleven now.

Mr. Browne (St. John's West): I understand they carry sugar from the West Indies and bring flour and other provisions. Has any attempt been made to enter into the fish trade so far as the transportation of salt codfish from St. John's and other ports in Newfoundland to the West Indies is concerned?

Mr. Chevrier: I do not know that any special attempt has been made, but I know that Canadian National Steamships are anxious to carry any cargo that is available.

[Mr. McLure.]

Mr. Browne (St. John's West): You do not know if they carry any fish cargoes from Newfoundland?

Mr. Chevrier: I am not aware that they do.

Mr. Stick: I think the fish exporters of Newfoundland do make connections with these boats for the purpose of transporting some fish to the West Indies, and also with boats from New York. I do not know the amount, but I think they ship fish in casks to Halifax which is then shipped in these boats to the West Indies. I do not know the quantity.

Mr. Balcom: I note that the deficit under item 486 is just about half the deficit under item 485. I understand it is proposed to sell these Canadian National West Indies steamships. I would not draw any inference from that, but I would ask the minister if it is planned to complete the sale of these West Indies steamships this year, and if so will the calling of tenders for their sale be confined to Canada?

Mr. Chevrier: My understanding from the officials of Canadian National Railways is that it is their intention to dispose of them this year, and I think that tenders will be open to all comers.

Mr. Dickey: As I understand it, the proposal is to sell the two remaining "Lady" boats, as they are popularly and familiarly known in the West Indies trade. These are delightful small passenger and cargo liners that have maintained a very fine passenger and freight service between the eastern ports of Canada, Montreal in the summertime and all year from Halifax and Saint John, to Bermuda, the West Indies and South America. The removal of these fine ships from service will be a source of great disappointment to the many people who have enjoyed cruises on them. The fact that the freight service will be maintained by Canadian National Steamships with their other cargo liners does not really satisfy the objections that have been raised to the restriction of the passenger service. Can the minister tell us whether or not there is any sign that a new agreement, of the type originally made between the Canadian government and the West Indies governments under which these ships were built and put into service, will be made in the future so that new boats may be built and put into service, thus maintaining the fine passenger service as it has been in the past?

Mr. Chevrier: No, there is not. The reason is that the type of ship to which my hon. friend refers was very popular at one time but because of the fact that people travel

so much now by air these two ships have been operating at a considerable loss. In order to maintain their service to the West Indies it was felt that the Canadian National Steamships fleet should be reorganized on a cargo basis with accommodation for passengers. I understand the cargo vessels will have accommodation for some twelve passengers.

Mr. Dickey: What is the proposal with respect to the sale of these vessels? Is there any possibility that they will be used in Canadian service? What is the plan of Canadian National Railways with respect to them?

Mr. Chevrier: The plan is to put them up for sale by tender and to accept the tender of the highest bidder.

Item agreed to.

488. Enlargement of dock and terminal facilities at North Sydney, N.S.—capital, $1,180,000.

Mr. Browne (St. John's West): I am wondering if the work is going ahead at North Sydney. It seemed to me to be stopped last fall, and I notice that only $440,000 or one-quarter of the amount that was voted has been spent. Can the minister tell us if that work is going ahead this year?

Mr. Chevrier: The work at North Sydney is practically completed.

Mr. Browne (St. John's West): You will notice that only $440,000 out of $1,600,000 was spent.

Mr. Chevrier: Perhaps I should say there were a number of contracts included in this item for $1,180,000. There was a contract which was awarded to T. C. Gorman Company for dredging and dock work. This did not include the sheds, elevators, parking lot and railway trackage. This work has been practically completed. The exception to that is the transit shed, elevators, dock extension, station and other buildings. The work on those items has not yet been completed.

Mr. Browne (St. John's West): I think the minister has just made a slight error. The $1,180,000 is for this year; there is nothing completed on that because only $440,000 was spent last year.

Mr. Chevrier: Perhaps I misinformed the committee. What I meant to say was that the contract for dredging and dock work has been practically completed. This item is to cover another part, the transit shed, elevators on the dock and extension.

Mr. Browne (St. John's West): The work is going ahead now without any interruptions?

Mr. Chevrier: Yes, and satisfactorily, I am told.

Item agreed to.

489. Construction of new dock and terminal facilities at Port aux Basques, Nfld.—capital, $1,810,000.

Mr. Browne (St. John's West): The same thing applies to this item for the work at Port aux Basques?

Mr. Chevrier: Yes, it does.

Mr. Stick: When does the minister expect the work at Port aux Basques to be completed?

Mr. Chevrier: What we expect and hope will take place is that the three items, the terminal at Sydney, the terminals at Port aux Basques and the ferry will be completed at about the same time so we can put them into operation.

Mr. Stick: The minister cannot say just when that will be?

Mr. Chevrier: It is expected that it will be about the fall of 1954 or early 1955.

Mr. Stick: I asked that question because of something which is connected with the next item as well, and that is the situation at Port aux Basques. This has been the cause of great worry to our merchants who import goods chiefly from the mainland of Canada. There is a bottleneck of freight and passengers at that port, which has been brought about by the increased amount of passenger and freight traffic which enters Newfoundland that way. This situation has been of such concern to the merchants who import goods through that port that they have switched to express service to try to get their goods on time. That is a hardship to our people.

I know the situation is being considered by the railway authorities, but the traffic has increased by leaps and bounds so it is difficult to estimate what the traffic will be six months or a year from now. I know consideration is being given to the matter, but I should like to see the work at these two terminals and on the ferry speeded up so this bottleneck for freight and passengers can be eliminated as soon as possible. The remedying of this situation would be to the advantage of Canada, because our merchants have had to switch their buying from the United States to the mainland of Canada. That is the reason the huge amount of freight enters through this port. I should like the minister to consider the advisability of chartering a few steamers to eliminate this serious bottleneck.

Mr. Chevrier: I shall be glad to bring it to the attention of the officials.

Mr. Browne (St. John's West): The other night I asked the minister about the construction of the ferry. Has any work been done on that?

Mr. Chevrier: I dealt with that matter last night, and if the hon. member recalls I said there was some delay because of a change in the design of the ship. This has been straightened out, and plans are progressing satisfactorily. The keel is going tc be laid shortly.

Item agreed to.

492. Degaussing and strengthening of sea-going merchant ships of Canadian registry of 1,000 gross tons and over, $500,000.

Mr. Goode: Will the minister call it six o'clock, Mr. Chairman, as I want to discuss this item?

The Chairman: Is the committee prepared to allow item 492 to stand and deal with item 493 in the last three minutes at our disposal?

Mr. Green: I would suggest that we call it six o'clock.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

HOTEL MUTUAL INSURANCE COMPANY

The house in committee on Bill No. 225, to incorporate the Hotel Mutual Insurance Company—Mr. Welbourn—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

The Chairman: Perhaps I should remind the committee that this bill has been carefully considered by the banking and commerce committee and has been reported without amendment. Shall clause 1 carry?

Mr. Green: I notice that the applicants for incorporation are all from the province of Alberta. Can the sponsor tell the committee whether it is the intention to confine the activities of the company to that province or whether the applicants are planning to do business in British Columbia, the other prairie provinces and eastern Canada?

Mr. Welbourn: Mr. Chairman, as set out here the sponsors of the bill are Douglas Earl George, who has had twelve years with the Wawanesa Mutual Insurance Company, besides being a bank manager; Eugene Pechet, and Russell Driscoll. As this is a federal charter, I would assume that they are going to do business in provinces other than Alberta.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On section 6—*Classes of insurance authorized.*

Mr. Goode: May I ask the sponsor of the bill what the difference is between aircraft insurance and falling aircraft insurance?

Mr. Decore: The hon. member should have asked that question in committee.

Mr. Goode: That question is not frivolous at all, and I hope that it will not be considered as such by the sponsor? What I had in mind were these artificial applicators at the airports by which United States companies are selling insurance to people who are travelling on Canadian airlines. I was hoping that this company was going to cover that phase of insurance.

Mr. Welbourn: The question was as to aircraft insurance and—what was the other one?

Mr. Goode: Falling aircraft insurance. One is under item (c) and the other one is under (i).

Mr. Welbourn: The only answer I can make to that question is that this clause 6 is based on what is known as the model bill which I understand is a bill that is drafted by the superintendent of insurance for the Dominion of Canada. It is on their recommendation that these clauses are listed under this bill. I would draw to the attention of the hon. member for Burnaby-Richmond the fact that clause 7 lists the classes of insurance that this company is immediately interested in.

Mr. Goode: Then may I ask the direct question? Would this company be interested in selling airplane liability insurance in the airports of Canada?

Mr. Welbourn: I am sorry, Mr. Chairman, but I cannot answer that question. I believe that is a question that should have been raised in committee when the witnesses were there. Without conferring with the principals who are making the application, I am not able to answer the question. I have no knowledge with respect to it.

Section agreed to.

Sections 7 to 20 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

BURRARD INLET TUNNEL AND BRIDGE COMPANY

Mr. James Sinclair (Coast-Capilano) moved the second reading of Bill No. 239, respecting the Burrard Inlet Tunnel and Bridge Company.

He said: Mr. Speaker, perhaps I should say, to start with, that I am sponsoring this bill as the member for Coast-Capilano and not as the parliamentary assistant to the Minister of Finance. The Burrard Inlet Tunnel and Bridge Company is a publicly owned company whose shares are held jointly by the city of North Vancouver, the district of North Vancouver, the district of West Vancouver and the city of Vancouver. The company owns the bridge which is commonly called the second narrows bridge, which spans the upper end of Vancouver harbour connecting Vancouver and North Vancouver. The bridge was built in 1925 and was the first connection with the north shore by bridge. The central span was knocked down in 1930 by a steamer, and the Vancouver harbours board then advanced $900,000 to reconstruct the bridge and change the bascule span into a lift span. The Vancouver harbour commission took over the operation of the bridge until this debt should be repaid, and that was only last year; so the bridge has only recently returned to the possession of the Burrard Inlet Tunnel and Bridge Company.

The main reason for this bill is that the company is at the present time negotiating with the Canadian National Railways for a twenty-one year lease of the rail lines across that bridge to the C.N.R. The company intend to keep in their own possession the roadway on which tolls are charged. Section 2 of this bill is in its present form to show quite clearly that charges on the rail right of way and on the road right of way can be separated. The only other point is that the representatives on the board of directors until now have included the mayors or reeves of each of those towns. They would rather have the decision left to the council concerned whether it should be the mayor or some alderman.

Then in the third clause they have changed the name "Vancouver Harbour Commissioners" to "National Harbours Board," which has taken over the Vancouver harbour commission's operation of many years ago, and they give the proper description to two other railway companies.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

THE SISTERS OF CHARITY OF THE HOUSE OF PROVIDENCE

Mr. John Decore (for Mr. Henderson) moved the second reading of Bill No. 240, respecting the Sisters of Charity of the House of Providence.

Mr. Green: May we have an explanation.

Mr. Decore: In the absence of my colleague and deskmate, the hon. member for Kingston City (Mr. Henderson), who is away, I have been authorized to proceed with this bill and to give a word of explanation in reference to its provisions.

The purpose of the bill is merely to change the name from "Sisters of Charity of the House of Providence" to "Sisters of Providence of St. Vincent de Paul". The Sisters of Charity of the House of Providence were incorporated by a bill passed here last session, but owing to the possibility of confusion of names which might arise, this religious order has applied for a change of its name.

A notice of this bill was carried, I understand, in the *Canada Gazette* and also in the Kingston *Whig-Standard* in several editions, and no objections have been raised to the adoption of the new name. This bill has gone through the Senate committee. It will be noticed that the bill sets out in paragraph 1 that the change in name shall not in any way impair, alter or affect the rights or liabilities of the incorporation. Therefore I ask that this bill be referred to the standing committee on miscellaneous private bills.

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

THE GARRETT CORPORATION

Mr. J. T. Richard (Ottawa East) moved the second reading of Bill No. 241, respecting a certain patent application of the Garrett Corporation.

He said: This is a bill to validate a patent application filed by one Max R. Brauns in the Canadian patent office and assigned to the petitioner, a United States corporation, carrying on business at Los Angeles, California.

The house will recall that I sponsored a similar bill last year. On account of the provisions of the Patent Act, you will recall, Mr. Speaker, that during the war years certain applicants could not file applications for patents in Canada, or were delayed in filing on account of war conditions. In 1947 parliament passed an act which amended the provisions of the Patent Act to enable applicants to file within two years after the close of

hostilities, provided two things were done: One, that such application was filed not later than November 15, 1947; and two, that the applicant attached to his application a request to the commissioner of patents to extend the time.

This is another case similar to the bill I presented last year, where the applicant did file before November 15, 1947, but did not attach, let us say: "I want to avail myself of the extension provided by the Patent Act as amended in 1947." Therefore this is a mere formality. The commissioner of patents has no objection. As a matter of fact, he recognized that the provision was too severe. The bill is simply introduced to enable this applicant to have his application examined, because he did file, as a matter of fact, in time under the Patent Act as amended.

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

BOUNDARY PIPELINE CORPORATION

The house resumed, from Tuesday, May 20, consideration in committee of Bill No. 62, to incorporate Boundary Pipeline Corporation—Mr. Larson—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. Nickle: In the few minutes at my disposal on Tuesday evening I referred briefly to the apparent confusion among members of the so-called Liberal party—

Mr. Stuart (Charlotte): How do you mean?

Some hon. Members: How do you mean?

Mr. Stuart (Charlotte): It has never been called anything else.

Mr. McCusker: The dean of the house.

Mr. Stuart (Charlotte): Changes its name every six months.

Mr. McCusker: Go back to Calgary.

Mr. Stuart (Charlotte): Sit down.

Mr. Nickle: —as to the utilization of western Canadian natural gas. That apparent confusion is fully pertinent to this matter of the proposed incorporation of Boundary Pipeline Company—

Mr. Sinnott: Gas is coming out now.

Mr. Nickle: —because this incorporation bid must be weighed in relation to the broader question of a national gas policy.

On May 2 I outlined the basic principles of a national gas policy to this house, and explained why—

The Chairman: Order. May I ask hon. members to refrain from speaking or interjecting, because if I am to follow the remarks which are being made by the hon. member I must at least hear what he has to say. From what I hear I am almost of the same opinion as I was when the hon. member was speaking to this clause in a general way on the last occasion. I have listened to him again this evening. He introduced the subject by saying he was going to speak about the confusion of a political party having regard to the national policy on gas. I am quite willing to give him as much latitude as other hon. members have taken on this clause, but I do not think that we should hear a review of the policies advocated by the various political parties in this house.

Mr. Nickle: My remarks have a very important bearing on this bill we are now considering. I explained on May 2 that under a national gas policy the Progressive Conservative members of parliament are opposed to the incorporation of the Boundary Pipeline Corporation.

One of the basic tenets of a national policy on gas is that natural gas, like all the other host of natural resources in Canada's ten provinces, should be utilized to bring the maximum possible benefits to the provinces containing the resources, and maximum benefits to Canada as a whole. We recognize, of course, that provinces containing natural resources have every right and every duty to fully protect their own long-term supplies before making their surplus available to other provinces or other outsiders. The Progressive Conservative party in Alberta is already on record as supporting gas export.

An hon. Member: Never heard of it.

Mr. Nickle: The rate of gas discovery is such that we believe the time has come to make the fast growing surplus available to others. The reasons for supporting gas export are partly selfish, for we know that exports will bring to Alberta a measure of industrial growth and prosperity dwarfing that which could or might come from any "keep the gas for Alberta" policy. The Alberta Liberal party, on the other hand, has through its leader, Harper Prowse, and other spokesmen, been damning gas exports and calling them the great betrayal of the people of Alberta.

The Chairman: Will the hon. member tell me if he seriously thinks that what he is saying now is connected with the bill? I do not see how the policy advocated by the various political parties, either national or provincial, could have anything to do with this particular bill. We are not discussing the principle of pipe line bills generally. We have not before us now the statute introduced a year or two ago, when it was

decided that pipe line companies would have to come before this parliament to be incorporated. At that time the hon. member might have been in order if he had discussed the views of the various political parties throughout the country on this important matter.

But as it stands today, even if a general discussion is allowed I cannot see how the policies advocated by the provincial parties or national parties in the House of Commons can have anything to do with the bill before us. The national policy in this connection is not under discussion.

Mr. Green: Your Honour did not question the statement on this subject by the hon. member for Vegreville when this bill was last up for discussion. At that time he dealt with nothing but the political policy in Alberta.

Mr. Decore: Mr. Chairman—

The Chairman: May I say once again that I am reliving an experience I have often had in the House of Commons. Hon. members take a certain latitude. Once they have taken that latitude, and the chairman asks them to come closer to what he considers to be in order, it is pointed out to him that if he allowed a certain latitude at one time he must continue to allow it.

What the hon. member is saying at this time is that if the previous discussion was out of order but allowed, it should be allowed to carry on. I do not accept that. I remember what the hon. member for Vegreville said in reply to a statement made by a previous speaker.

Mr. Low: Not in reply, no.

The Chairman: Perhaps not, but it was by way of comment on a speech which had been made by the hon. member for Lethbridge. I think hon. members will agree with me that in the hours we have spent in committee on this bill a certain latitude has been taken. The chairman has not ruled perhaps as often as he should. But I do think that at one time or another hon. members will have to be reasonable and, when taking advantage of the general discussion allowed on the first section, see that their remarks are related to the bill.

Mr. Nickle: My purpose in referring to Liberal policy in Alberta was merely to establish some of the reasoning behind the stand of the present government in Ottawa, and some of the private members who sat on the committee on railways and canals.

The Chairman: May I comment immediately, in order to indicate to the hon. member what I have in mind. I have told him that if he intended to discuss the bill in the way he indicated he would not be in order, because the policy of one national party or another is not before the committee at this time. In the course of his remarks the hon. member might make some passing reference, but no more than that. He should not devote his whole speech to the various differences which existed or which might exist between the policies of political parties in the various provinces.

Mr. Nickle: I bow to your ruling, Mr. Chairman. In outlining the Conservatives' national gas policy in a previous speech I stated that one of the basic requirements for approval of incorporation of a pipe line company by parliament should be adequate proof of the sound economics of the pipe line proposal. The obtaining of that proof is a specific duty of the committee on railways and canals.

So far as the Boundary company is concerned, that proof was not obtained by the committee; and, in fact, the Liberal majority on that committee rode roughshod over the minority party members to prevent the hearing of cross-examination and evidence that I believe would have clearly established that the Boundary project is not economic.

Mr. Stuart (Charlotte): I resent that statement. It is very much out of order. The suggestion that the steam roller has been used is very much out of order. The majority on the committee did not do that at all, and I deeply resent the fact that these statements are made.

Mr. Green: If the hon. member for Charlotte feels that the statement is not correct, then he may speak for himself. But at the moment the hon. member for Calgary West is surely at liberty to make his speech.

Mr. Stuart (Charlotte): I object to the statement that the steam roller was used. It is out of order. There was no steam roller in the committee. The majority took action there, and that is all. The suggestion should be withdrawn.

The Chairman: The hon. member for Charlotte rises to a point of order. So far as I can recall, similar statements have been made in the house and no objection has been taken. The hon. member for Charlotte may feel that the statement of the hon. member for Calgary West is not exactly correct, and that it is unfair to him and to other members of the committee. But the only problem I have at the moment is as to whether the expression "steam roller" is parliamentary.

Mr. Nickle: I did not use that expression.

The Chairman: I have not before me the citation which applies in this instance. However, so far as my memory goes I do not think any expression used by the hon. member so far has been termed unparliamentary. However, if as between one member and another the hon. member for Calgary West wishes to please the hon. member for Charlotte, he could use another expression. I do not think, however, that according to the rules it is unparliamentary. I do not recall that the expression has been so ruled.

Mr. Nickle: The term I used was "roughshod". I might say that steps were taken to prevent the hearing of cross-examination and evidence that I believe would have clearly established that the Boundary project is not economic. The Liberal member for Iles-de-la-Madeleine suddenly moved, during the cross-examination of Boundary's engineer, that the committee—

—has obtained sufficient evidence to decide on the economic practicability of the pipe line under consideration and that the question be now put on the preamble without further examination of witnesses.

His motion was seconded by the Liberal member for Notre Dame de Grace, and the motion was put through by the Liberals, despite the opposition of every member of other parties on that committee, and the opposition of one good Liberal member, the hon. member for Hastings South. The Liberal majority thereby forced approval by the committee of incorporation of a pipe line company which on several grounds fails to meet the best interests of Alberta or Canada.

In opposing incorporation of Boundary, the Progressive Conservatives are not attempting to delay eastward gas export from Alberta, or delay gas supply to the provinces east of Alberta. Two companies, with eastward pipe line plans much larger than those of Boundary and much sounder economically, have already been incorporated; and we believe the choice should be between the two alternative routes they offer, in order to get gas to eastern Canada in addition to the eastern prairies.

The backers of both these incorporated companies, Trans-Canada Pipe Lines and Western Pipe Lines Company, have already spent many millions of dollars in western gas exploration and development, and are still busily engaged in discovering gas reserves to supply part of their expected requirements. The backers of Boundary have provided no evidence that they are contributing anything to the discovery of gas for the pipe line they propose. There are good reasons for doubting that a pipe line from southern Alberta to serve the cities and towns of southern Saskatchewan and Manitoba would be economical. In other words it is doubtful whether it could serve a large enough market or deliver gas at a low enough price to compete with other fuels and obtain adequate revenue to recover its cost.

To be more specific, Boundary presented a brief setting out costs of its Alberta to Winnipeg line at just over $28 million. Without presenting any proof whatsoever of its figures for the gas market, and without in fact even making a detailed economic survey of the potential markets, Boundary assumed it could sell gas for an average wholesale price of under 28 cents per thousand cubic feet. Using Boundary's own construction cost figures and basing the gas market upon the detailed economic studies made by Western Pipe Lines, I advised the railway committee that in order to earn 6½ per cent on its investment Boundary would have to charge an average wholesale price of 81½ cents per thousand cubic feet during its first year, and by the fifth year would still have to charge over 37 cents. When it is considered that Boundary's principal market would be industries in Winnipeg which now get lignite coal at a delivered cost equivalent to only 30 cents per thousand cubic feet of gas there seems to be little hope that gas delivered by Boundary's line going no further than Winnipeg could capture the market from coal.

On the other hand, if Saskatchewan and Manitoba cities were provided with gas from a major pipe line extending to large markets in eastern Canada or the United States the delivered cost of gas to prairie communities would be considerably lower. Such major pipe lines would give Saskatchewan and Manitoba domestic and commercial markets gas at reasonable cost, though it is doubtful that even a major pipe line could capture from cheap lignite coal and hydro power the larger industrial market of Winnipeg.

I indicated earlier that Boundary has not made what could be called an adequate economic survey of its proposed route to Winnipeg. Fortunately several detailed economic surveys of potential gas markets in Saskatchewan and Manitoba have been made over the past two years by sponsors of other pipe line projects and by the distributor of artificial gas in Winnipeg.

Mr. McCulloch: Should the hon. member for Calgary West be allowed to read his speech? He took three hours in the committee asking questions and he talked for fifty-six minutes the other night.

Mr. Stuart (Charlotte): Reading the same speech.

Mr. McCulloch: Yes, reading the same speech.

Mr. Nickle: When I am dealing with figures I like to present those figures accurately.

The Chairman: The hon. member says that he is using notes because he is quoting figures. That is a privilege of which many hon. members take advantage.

Mr. Nickle: I am referring to notes, not reading my speech. As I stated, economic surveys have been made by other pipe line companies and the company which now supplies artificial gas to Winnipeg. Those surveys were presented before Alberta's oil and gas conservation board long before Boundary's promoters conceived their plan. Therefore, those economic surveys cannot be construed in any way as being an effort to block the Boundary incorporation.

Boundary claims that in the fifth year of operation it will have a market for over 26 billion cubic feet between Swift Current and Winnipeg, of which over 17 billion would be interruptible industrial load, that is industrial consumers who could be cut off or given gas at will, dependent upon the widely varying seasonal demand of domestic and other year-round customers. For the same cities Western's economic survey showed a fifth year total market of 15½ billion cubic feet, only 60 per cent of Boundary. Trans-Canada calculated its fifth year needs for the same cities at 9½ billion, only 40 per cent of Boundary's estimate.

Boundary's engineer admitted under questioning that the economics of his project depended upon the large interruptible load they hoped to get. Yet the only evidence he submitted that such a market might exist were a few telegrams from people, including a girl worker in a Winnipeg industrial house, stating the peak summer day consumption of coal or fuel oil for certain industries. The Boundary engineer thereupon converted the coal or oil consumption into the natural gas equivalent and assumed that the industries concerned would gladly and completely change over to natural gas. He submitted absolutely no evidence of the willingness of the industries to convert to gas nor did he submit any evidence that Boundary could deliver gas at such a competitive price as to justify conversion.

The Winnipeg Electric Company, which operates the present artificial gas distribution system in Winnipeg and which would be the distributor of natural gas when a pipe line from Alberta is built, has a detailed knowledge of the present and future fuel market in its own city. Its careful calculations show a total market in Winnipeg of 9¼ billion cubic feet after the introduction of natural gas to the city. The Winnipeg Electric is unable to find any large interruptible load industrial market that could be switched to gas from its present low-cost lignite coal.

Boundary's promoters have not even bothered to consult the Winnipeg distributor, yet they claim they would have a Winnipeg market of 16 billion cubic feet, 7 billion more than the company with detailed knowledge believes possible. I might add at this point that Mr. Herring, Boundary's engineer, stated during examination by me that he had letters from five key industries supporting his figures for the gas market, plus detailed day by day figures for demands of a Regina power plant, plus detailed information compiled at his Houston, Texas, office concerning the over-all industrial markets he proposed to serve. His statements appear on page 57 of the minutes of the railways, canals and telegraph lines committee for April 22. Mr. Herring promised to deliver all this information to the committee at its April 24 meeting. He delivered none of it, but instead submitted the telegrams to which I have already referred.

Despite these facts the Liberal majority on the committee ruled on April 24 that adequate evidence to support the economics of the Boundary pipe line proposals had been given to the committee. I would suggest that the Liberals on that committee present to this house the proof that they declared was adequate. Let me conclude with three other reasons which, in addition to the absence of proof of a sound economic basis, determined the opposition of the Progressive Conservatives to the incorporation of the Boundary company.

First, the project would open up only a limited market for the rapidly growing gas reserves of western Canada. It would not, for example, open a market of sufficient volume to allow the great Pincher Creek field of southwest Alberta and its vast petrochemical industries to develop on an economic basis. Small-scale export eastward would not meet the increasingly urgent market needs for Pincher Creek and a host of other south and central Alberta gas fields. These are very probably the fields which will be cleared next for export by the Alberta government.

Mr. Prudham: Does the hon. gentleman think the amount of gas allocated by the Alberta government for export to the Pacific coast justifies the building of a pipe line?

Mr. Nickle: The answer to that is no, because the percentage allocated from the Peace river district coupled with roughly a trillion cubic feet of gas now believed proved in the Peace river area of British Columbia

plus, I hope within a very few months or maybe sooner, approval of more gas from the Peace river area of Alberta, will justify that Pacific coast line. Second, the Boundary project, even if it were economic, would penalize consumers of Saskatchewan and Manitoba. A small scale line would have to sell gas at substantially higher prices than would a major project such as those proposed by Trans-Canada and Western. Third, acceptance of the Boundary project could delay, perhaps for years, the securing of gas in large volume by Ontario and Quebec either by direct pipe line from Alberta or by gas exchange with the United States.

As a member of this parliament I shall not be a party to approving incorporation of a pipe line company that has failed to establish a sound economic basis for its project. As an Albertan I shall not support a project which could both delay and reduce the industrial development of my province. As a Canadian I shall oppose Boundary's incorporation because I prefer that Saskatchewan and Manitoba shall get lower priced gas than Boundary could offer, and believe that Ontario and Quebec should not be barred from the advantages of a reasonable cost, highly convenient fuel such as natural gas.

Mr. Low: Mr. Chairman—

Mr. Stuart (Charlotte): Mr. Chairman—

The Chairman: Perhaps the hon. member for Peace River would allow the hon. member for Charlotte to have the floor. He wishes to make a few remarks in reply to the points that have been made.

Mr. Stuart (Charlotte): I wish to take a few minutes to refer to the proceedings of the committee that has been mentioned by the hon. member for Calgary West, and of which I was a member. He has made statements tonight about the Liberal members of that committee riding roughshod over the opposition members. We have also heard words used such as "bulldozing" and "steamrolling". I should like hon. members to realize for a minute that the people of the Dominion of Canada elected a Liberal majority in this house.

Mr. Green: They are sorry they did.

Mr. Stuart (Charlotte): They elected them to put Liberal policies into effect, not Progressive Conservative policies. Each and every committee of the house has a Liberal majority. Why do they have a Liberal majority? Because the people want it. They do not want a Progressive Conservative majority or a C.C.F. majority. They want a Liberal majority. That is exactly what we have had in all these committees. The hon. member for Calgary West has referred tonight to the evidence given before the special committee considering this bill. Qualified engineers appeared as witnesses before the committee. The hon. member has his opinion as to the value of the evidence they submitted, and I have mine. I believe each and every one of them is much better qualified to speak about pipe lines than the hon. member for Calgary West.

Some may feel that we have an oil expert in the House of Commons. The hon. member has certainly taken that attitude since he came here, but I for one do not want to be told that I have not judgment enough to listen to evidence in a committee and make up my own mind. I do not want the hon. member for Calgary West to make up my mind for me. After listening to the evidence I can make up my mind as to how I feel I should vote if there should be a division in the committee. Words such as "riding roughshod", "bulldozing" and so on that have been used mean nothing to me because we are conducting the business of the house and of our committees in exactly the way the people of the Dominion of Canada want us to conduct it.

Mr. Noseworthy: You mean the Liberal government.

Mr. Stuart (Charlotte): The citizens of the country sent Liberals to the house to look after their rights and interests.

Mr. Knowles: Forty-nine per cent of them.

Mr. Stuart (Charlotte): There is one other thing I want to say before I sit down. As far back as I can remember—and I can remember the period before the election of 1911—this flag waving has taken place. In fact it has been going on since confederation. When members stand up in the house and suggest no truck nor trade with the Yankees I and most other maritimers resent such a statement. Since the turn of the century and up until the last few years the people of Alberta depended exclusively on the United States of America for the gas and oil they consumed. Right across Canada we were faced with the same situation. Did you ever hear anyone in the United States say: No gas or oil for the Dominion of Canada; keep it under the ground down here.

During the last war, which is not too long ago, the allocation of oil to Canada by the United States was more liberal in many cases than what was provided for their own citizens. I said in the committee and I repeat now that I remember reading in the press on many occasions during the last war that the people of Boston were sitting in their

homes in fur coats because of a lack of fuel oil for their furnaces. To my knowledge that situation did not arise in the maritime provinces from where I come. We were provided with oil, gas and fuel oil by our good friends to the south.

Just a few nights ago I listened to a radio address by the mayor of Calgary. I should have liked a copy of his address so I could put it on the record. He stated definitely that the only way gas could ever be provided for the provinces of Ontario and Quebec was to bring in the gas from Texas and export the surplus gas of western Canada across the border to the United States. Any fair-minded man who looks at the situation knows that is the only thing that can be done. Reciprocity is the only consideration at the present time. The idea of oil and gas only for Canadians and no truck nor trade with the Yankees just does not go with maritimers. I have the same opinion now that I had when I sat as a member of the committee. I believe the witnesses who appeared there presented a good story. I believe the evidence they produced was authentic, and I believe it carries more weight than the evidence produced by the hon. member for Calgary West. I do not believe there was any steamrolling at any time, or that anyone was run over roughshod. We had a Liberal majority in the committee and we carried on in exactly the way the people of this country want us to carry on.

Mr. Cavers: On a question of privilege, as vice-chairman of the committee that has been referred to by the hon. member for Calgary West I should like the opportunity to refute some of the statements made by him in the house tonight.

Mr. Green: Mr. Chairman, this is not a question of privilege.

Mr. Cavers: I did not have the opportunity—

The Chairman: Order.

Mr. Green: It is not a question of privilege.

The Chairman: Order. The hon. member for Lincoln rose on a question of privilege and began to state his question of privilege by saying that as vice-chairman of the standing committee he wanted to refute some of the points put forward by the hon. member for Calgary West. I must inform him that does not constitute a question of privilege.

Mr. Low: Mr. Chairman, I have not had an opportunity of speaking on this measure at any stage, though I am keenly interested in the subject matter of the bill. I must say at the outset that what the hon. member for Calgary West had to say was very largely founded on what I would call keen and logical thinking, and was certainly a citation of very good reasons why any man should be opposed to the incorporation of the Boundary Pipeline Company. I very much doubt if the pipe line proposed by this company will ever carry one cubic foot of gas or one gallon of oil from the province of Alberta for the simple reason that in my judgment the whole scheme is uneconomic. In the second place, unless a lot of people change their way of doing things there just will not be any gas or oil to export.

We in the province of Alberta have been keenly interested in the development of our great resources in such a way as to contribute to the strength of Canada and the well-being of the Canadian people because we felt it was in the interests of Canada and its people to do so. We have wanted to develop the gas and oil resources so that all parts of Canada can benefit from them. We do not look upon these resources as belonging entirely to the people of the province of Alberta, not by any means. Nor do we for one moment, Mr. Chairman, make the claim that it was solely through the genius of the Social Credit government of Alberta that the development occurred, although some people have attempted to make that claim. Let me remind you, Mr. Chairman, that this pipe-line company will not be able to gather and bring gas into eastern Canada unless, in the first place, sufficient reserves are developed in the province of Alberta to justify the outlay of something like the $28 million described by the hon. member for Calgary West. In the second place, the company will not be able to get gas unless the confidence of the people in my province remains unimpaired.

I doubt very much if the political situation will ever make it possible for the gas to be exported from the province. Altogether too much of an irresponsible nature has been said in this house and elsewhere about the export of gas from Alberta. It is seriously interfering with logical thought by people everywhere and, as I said, may result in no gas being made available. This would be a serious situation, if gas surplus to the needs of Alberta is found in reserve. I say it in all seriousness, and I should like to see a whole lot less foolish and irresponsible talk and a lot more careful thought given to this problem.

The Liberal member for Charlotte just a moment ago mentioned that a certain speech had been made by the mayor of Calgary, who I want to point out was the Liberal candidate in Calgary East in the last federal election.

Mr. Stuart (Charlotte): He will win it next time.

Mr. Low: I am glad to hear that. Let me ask this question. The mayor said the only possibility of getting gas into eastern Canada would be to exchange Alberta's gas with some western state in the United States, in return for gas to be brought into Ontario and Quebec from Texas or some other part of the United States. I want to know where the Liberals actually stand on this question of the export of gas. The Liberal member stands up in this house and quotes the mayor of Calgary, using that speech as evidence of Liberal party interest in the export of gas. The Liberal leader in the province of Alberta goes around the country saying that he is inexorably opposed to the export of one cubic foot of gas from the province. I should like to know where the Liberal party stands. It is precisely because not one of them has had the courage to stand up in this house and do anything but make irresponsible speeches that—

The Chairman: Order. I would ask the hon. member for Peace River not to refer to matters of policy of the various parties. The hon. member has referred to those policies, and I would ask him not to carry on along that line. There is another statement which the hon. member may want to revise. He said no member in this house has had the courage to stand up and make a statement of policy. I do not think the hon. member will want those words to remain in the record.

Mr. Low: I would not want to offend the tender consciences of any of the members in this house. If that is too tough a word for them I withdraw it, and I shall form my judgment as to whether they do have the courage by what they do henceforth. I expect them to stand up on the floor of this house and declare themselves with respect to the export of gas. If they do not—

Mr. Stuart (Charlotte): On a point of privilege, Mr. Chairman, I want it distinctly understood that the remarks I made were not government policy. They represent my own opinion. I do not know how the Liberal leader in Alberta feels about the export of gas. I do not know what government policy is. I know what my policy is, and that is to trade with our neighbours to the south of us, the same as we have tried to do as Liberals for centuries.

Mr. Low: During the course of his speech here this evening the hon. member said that the committee hearing this evidence on the pipe line bill had followed Liberal policy, and I presume from that it is Liberal policy to support the incorporation of this Boundary Pipeline Company.

[Mr. Stuart (Charlotte).]

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

Mr. Low: Yes.

Mr. Stuart (Charlotte): You have been a member of each committee in which a pipe line was discussed. Did you ever oppose the application of a pipe-line company before?

Mr. Low: In every single instance where I have acquiesced in the passing of a pipe-line bill in this house it has been because I felt that the application and the whole set-up were economical. This one, Mr. Chairman—

Mr. Stuart (Charlotte): I might ask a question again. Have you ever opposed one in the house or in the committee before?

Mr. Low: I am speaking at the present moment on the Boundary Pipeline bill, and I am expressing my opposition to it.

Mr. Decore: Why don't you answer the question?

The Chairman: Order.

Mr. Stuart (Charlotte): May I ask a question again—

Mr. Argue: Sit down; you have made your speech.

Mr. Low: If the adolescent members for Vegreville and Charlotte will just contain themselves and not be hysterical, I am quite sure we will get along.

The Chairman: The hon. member for Charlotte has asked a question.

Mr. Stuart (Charlotte): They do not want to answer it.

The Chairman: It is the privilege of the hon. member to give a reply or to not give one; therefore I should like hon. members to maintain order.

Mr. Stuart (Charlotte): If he did not understand the question, I would be pleased to ask it again. The question I should like to ask is this. On many occasions you have supported pipe-line applications, but you are not supporting this one. What is the policy of your own party? That is what I should like to know?

Mr. Low: I will answer the question. There has not been a single instance where we have supported a pipe-line bill when we did not think it was an economic proposition. This one is not.

Mr. Stuart (Charlotte): Why?

Mr. Low: It is for that reason I am opposing it. I am speaking now entirely on my

own. I am not committing my party to anything at all, as I am speaking on my own.

Mr. Stuart (Charlotte): Oh, that is different.

Mr. Weir: That is the same as the member for Charlotte.

Mr. McIvor: I rise to a point of order, Mr. Chairman. It is now nine o'clock.

Section stands.

Progress reported.

Mr. Deputy Speaker: Since it is nine o'clock, this house will resume the business which was under consideration at six o'clock.

SUPPLY

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

DEPARTMENT OF TRANSPORT

Railway and steamship service—

492. Degaussing and strengthening of sea-going merchant ships of Canadian registry of 1,000 gross tons and over, $500,000.

Mr. Chevrier: May I reply to two or three questions that were asked earlier, and get them out of the way. The hon. member for St. John's West inquired as to the names of the steamship inspectors. There are three, Mr. De Valliant, Mr. Barrett, and one whose appointment is still pending. Then I believe the hon. member for Cape Breton South wanted a breakdown of the expenses including those for Canadian distressed seamen. The total is $6,240.58 of which $2,080.56 was paid by ship owners under distressed seamen's regulations and the balance by the department.

Then the hon. member for Winnipeg North Centre wanted me to take one of the items of the department and indicate to what extent we had spent the money estimated in the previous year. I took the item of canals, the one concerning operation and maintenance during the last five years. In the fiscal year 1947-48 the estimates were $3,224,000. I may say that I am giving round figures only. We spent $3,215,000. In 1948-49 the estimate was $3,705,000; we spent the full amount. In 1949-50 the estimate was $2,908,000; we spent the full amount. In 1950-51 it was $4,328,000. We spent $4,248,000. In 1951-52 it was $4,678,000 and we spent $4,596,000.

Mr. Goode: At six o'clock I asked that item 492 be left over until now because I think this half million dollars in this estimate means some addition to government policy. Some of us know about degaussing from the last war. In looking at last year's estimates I do not find in them a dollar to cover the matter of degaussing. Before I ask a couple more questions, will the minister explain just what the government's policy is on this matter?

Mr. Chevrier: Since the end of the war there has never been in the estimates any item for degaussing; but in September of last year we decided that ships of 1,000 gross registered tons or over, being built for Canadian registry, should be fitted at government expense with degaussing equipment as a protection against magnetic mines and with under-deck stiffening above which defensive guns could be mounted in an emergency. As a result of this decision we are fitting with this equipment five ships, three of them now building in Canadian yards and two in United Kingdom yards for Canadian registry; and we are at the same time undertaking a survey of all other ships to ascertain what the cost will be. By "all other ships" I mean the 44 war-built, 10,000-ton Park vessels and the twelve 4,700-ton freighters. These vessels were all fitted with this equipment during the last war. The point is to what extent the equipment is serviceable at this time. That survey has not been completed. The object of this estimate is to have the funds available in case of necessity.

Mr. Goode: I think the minister is to be complimented on his foresight in this matter. As I say, some of us on the west coast, from our experience during the last war, know just what degaussing did for our merchant navy. As I say, I think the minister is to be complimented on his forward outlook in this whole matter.

Mr. Gillis: Would the minister mind putting on the record a definition of the word "degaussing".

Mr. Chevrier: My understanding of it is that ships are to be fitted with equipment for the detection of mines. During the last war this equipment consisted of an electric cable which sets off a current and thereby does not attract the mine.

Mr. Green: As I understand the minister this evening, this vote covers only work to be done on five new ships, three of which are building in Canadian yards and two in United Kingdom yards. That is contrary to the press reports at the time the estimates were brought down. They indicated that all the old ocean-going ships were to be fitted with degaussing equipment and were also to be strengthened, and that some of the coastal ships were to be improved in the same manner. May we have that point cleared up?

Mr. Chevrier: I have not seen the press reports to which my hon. friend refers.

Mr. Green: It was when the Minister of Finance brought down his estimates.

Mr. Chevrier: This vote covers not only five ships but all existing ships that will be built after the date of the approval of the policy, which was in September of 1951; that is, ships of over 1,000 tons gross register. I refer to those five because they are new ones. There will be other new ships that it will also cover. The intention is also to cover existing ships. A survey is being made to ascertain what will be the cost. That survey is in progress now.

Mr. Green: What about coastal ships? Are they to be handled in the same way?

Mr. Chevrier: If they come within this definition, they would be. If they are new ships, yes.

Mr. Green: I do not understand where the minister draws the line between doing this work on new ships and on old ships. Is he planning to do it on the present old cargo vessels?

Mr. Chevrier: What I am saying is that the decision covers ships to be built in the future, and a survey is being made to ascertain what the cost will be on the other ships I have mentioned. When that cost is known and that survey is completed, a decision will be taken as to those ships.

Mr. Green: Then I understand that at the moment the policy is only to do the ships which are built after a date in September?

Mr. Chevrier: That is right.

Mr. Green: How are these expenses met? Do the owners of these ships have to pay anything or does the government bear the whole cost?

Mr. Chevrier: In so far as new ships are concerned, we are paying the whole cost. In so far as other ships are concerned, we shall have to determine that question when we get the report.

Mr. Green: Why does the government assume that cost? Under what law can the ship companies be compelled to have this work done to their ships even though the government pays the cost?

Mr. Chevrier: We did it during the last war, and we did it on the basis of national defence. It is on that basis that we are proceeding now.

Mr. Green: Will the ship companies be under any obligation to turn their ships over to the government in time of war? Is there some string attached to it in the event of a war breaking out?

Mr. Chevrier: No, there is not.

Mr. Green: Is the navy to have anything to do with this plan, or is it being handled entirely by the Department of Transport?

Mr. Chevrier: It is being handled by the Department of National Defence, and we cover it by an estimate in our department.

Mr. Green: Then the Department of National Defence is having this war work done on these ships but the vote comes through the Department of Transport?

Mr. Chevrier: Yes.

Mr. Green: Why is that not a defence vote?

Mr. Chevrier: I presume because the ships are part of the merchant navy.

Mr. Green: How many ships will this amount of money cover?

Mr. Chevrier: That is what I am not able to say. I can tell from time to time how many ships it will cover, because we have a record of them, but I cannot tell how many old ships it will cover until the survey is over.

Mr. Green: Is there a set figure of cost for each ship? The vote is for $500,000. How many ships is it expected will be covered by that vote?

Mr. Chevrier: It should cover about ten new ships, and some of the ships that the survey will report upon.

Mr. Green: Do these 10 ships include passenger ships, or are they all cargo vessels?

Mr. Chevrier: Well, it would include all the ships, I should think, that the survey would report upon, and I presume that will include all ships of the Park vessel type, and the 4,700 tonners.

Mr. Green: New passenger ships as well as freighters?

Mr. Chevrier: Yes.

Mr. Green: The item reads:

> Degaussing and strengthening of sea-going merchant ships . . .

Does that mean setting up the gun emplacements?

Mr. Chevrier: Gun stiffening, yes.

Mr. Green: That is what is meant?

Mr. Chevrier: That is correct.

Mr. MacLean (Queens): Is any of the degaussing equipment that was installed in merchant ships during the war still in serviceable condition, or has it been dismantled?

Mr. Chevrier: Yes, there is quite a considerable amount on ships. Some of it is in pretty fair condition; on others not, and that is the object of making the survey.

Item agreed to.

495. Railway employees' provident fund—to supplement pension allowances under the provisions of the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum payment during the period January 1, 1952, to March 31, 1953, the sum of $30 per month instead of $20 as fixed by the said act, $13,350.

Mr. Knowles: May I once again call the minister's attention to this item. It is an item of which I approve. The statute in regard to these particular employees provides that their minimum pension is to be $20 a month, but long ago it was recognized that that was not good enough, and by means of putting amounts in these estimates for over twenty years it has been supplemented by $10 for each pensioner. The amount, of course, that we vote is decreasing because these men are passing away. Nevertheless we have here the principle of supplementing an inadequate railway pension. I contend that if this can be done in one case, it should be done in the other; and I should like to know what the minister thinks about it.

Mr. Chevrier: The difference between this vote and what my hon. friend has in mind is that these are pensioners of a government railway, a crown-owned railway. There is a distinction.

Mr. Knowles: Who owns the Canadian National?

Mr. Chevrier: The Canadian National is comprised of different companies. What I mean is that the Canadian National is an amalgamation of several companies; whereas this was to cover the employees of the Intercolonial and Prince Edward Island Railway which is still owned by the crown.

Mr. Knowles: But who owns this amalgamation to which the minister referred as the Canadian National Railway?

Mr. Chevrier: It is owned by a corporate company, the Canadian National Railway Company.

Mr. Knowles: Is that not owned by the crown?

Mr. Chevrier: There is a distinction between the two. One is an incorporation that has been established for the operation of these various companies; whereas this is still in the name of the crown. The Canadian National Railways is not incorporated in the name of the crown; it is in the name of the Canadian National Railway Company.

Mr. Knowles: In view of the fact that at times each session we vote money for Canadian National purposes, does the minister think the distinction he has tried to draw is a sufficient reason for not treating the retired employee in the same manner?

Mr. Chevrier: Well, I have nothing to add other than what I said on at least two occasions, once in this debate and another time in a former debate when the resolution establishing the railways and shipping committee was under discussion.

Item agreed to.

Air services—
Telecommunications division—
Airways and airports—radio aviation services—

496. Administration, operation and maintenance, $3,081,429.

Mr. Gillis: I have been waiting for this one. I should like to bring a specific problem to the minister's attention, having to do with a small group of employees who come within the scope of his department. I refer to the section of the corps of commissionaires who are employed at airports under the Department of Transport.

The corps of commissionaires consists of quite a large group of ex-servicemen over forty years of age. They are employed by different departments of government. The income tax department employs some of them. All these categories working for certain departments of government enjoy certain rights and privileges. At the airports that come under the Department of Transport all the employees who are working for transport, if they commute to work, have the right to receive $11.40 a month as a rebate in lieu of transportation, with the exception of the corps of commissionaires. There are not many of them. There may be half a dozen around each airport.

I have taken this matter up with the department. It is not new. I have taken it up on a couple of occasions. The last occasion was on March 6 of this year. The minister wrote to me and said that while he was sympathetic, this particular group of corps of commissionaires employed by the Department of Transport on airports were working under the R.C.M.P., and he was referring my communication to the Department of Justice. Well, that was on March 6. I have heard nothing from the Department of Justice on the matter. I am bringing this to the minister's attention because I do not think that group of commissionaires, who are working for transport on these airports, should be the responsibility of the Department of Justice. They work directly for the Department of Transport and should be under the supervision of the officials of that department and those in charge of the local stations.

I do not see where they have any connection with the Royal Canadian Mounted Police at all. In view of the fact that there is a regulation in his department that reimburses the

employees at airports for transportation, my suggestion to the minister is that he should give some consideration to bringing this group, who work on ramps and look after the general supervision of passengers and have much to do with the T.C.A. and the general protection of the buildings that come under that department, directly under his department. Some consideration should be given by his department to bringing these employees, who work directly for transport, within the scope of the Department of Transport, and they should be treated as other employees in his department are treated.

Some consideration should be given to divorcing completely the security guard of the corps of commissionaires at these airports from the Royal Canadian Mounted Police. I do not think it is a good arrangement, because the mounted police visit that section only once in a while. These men are at all times in direct contact with and work for the management of the station. The minister should undertake the establishment of the same conditions for these employees as are established for other employees at the airports across the country. I am still asking the minister to do that. I know that under present regulations the Royal Canadian Mounted Police have supervision over that small group, which is growing across this country. It consists of older veterans. I have two suggestions to offer. My first suggestion is to try to have the corps of commissionaires at a station under the supervision and direction of the management of the station. I want the minister to pay particular attention to the grievance of that small group which is losing $11.40 a month in commuting back and forth to work, an amount that is paid to every other person working for the Department of Transport at those air stations.

Mr. Chevrier: I shall be glad to give consideration to the hon. member's representations, but it is a fact that the corps of commissionaires are not employees of the Department of Transport. For reasons that are known to him, and I am sure to other hon. members in the committee, it was found that because these persons are employed as security guards not only in the Department of Transport but in other departments as well, it would be better if they were under the jurisdiction of the Department of Justice or, in other words, the Royal Canadian Mounted Police.

I know the point the hon. member raises is one he takes seriously. When I referred his communication to the Minister of Justice the minister did not turn it down, but took it up with the treasury board. They, in turn, felt that under the circumstances the suggestion could not be carried out. However, in view of what the hon. member has said, I shall be glad to ask our people to take another look at it.

Mr. Gillis: I would like to make this point, that while it is true they work for all other departments of government, in no other department do they come under the R.C.M.P. for supervision and discipline.

Mr. Chevrier: Oh, yes, they do, in the Department of Public Works. The corps of commissionaires look after public buildings, as they do for the Department of Transport.

Mr. Gillis: I have come in touch with them in connection with the income tax branch, and other departments of government. In those cases I can iron out the difficulties with the Department of Labour, without reference to any other section. The only place I have run into supervision by the R.C.M.P. has been in connection with airports under the Department of Transport.

Mr. Chevrier: And the hon. member would rather have them with us?

Mr. Gillis: I certainly would.

Mr. Chevrier: We will see if we cannot help you.

Mr. McLure: May I bring to the attention of the minister the fact that the hourly rates of wages of these employees are different from Charlottetown to Vancouver. Different scales of wages are employed in different places. They start out at so much an hour and there are certain deductions off that, all the way through. Between British Columbia and Charlottetown there is a difference of forty cents an hour.

Mr. MacLean (Queens): I have been struck by the terrific expense occasioned through large-scale aerial search for small private aircraft from time to time in thinly populated areas. I was wondering if consideration could be given to issuing such aircraft with small, portable emergency radio transmission equipment, of the Gibson Girl type.

Mr. Chevrier: The hon. member has raised a good point, but I must point out that it is not done through the Department of Transport. The Department of National Defence operates the search and rescue service.

Mr. MacLean (Queens): I understand that. But since the Department of Transport controls civil aviation, I thought they might see fit to issue special emergency equipment to small private aircraft.

Mr. Chevrier: I am sorry I did not answer the question of the senior member for Queens, when he referred to the prevailing rate. I have no doubt he had the airport at Charlottetown in mind. Those rates are

not fixed by the Department of Transport, but rather by the Department of Labour. The rate fixed is that prevailing in the area.

Mr. Green: There is a substantial increase in the item. Would the minister explain why?

Mr. Chevrier: This vote is for the operation and maintenance of radio service. There is an increase of $373,000. For instance, it will provide for the aeradio station which will come into operation at Embarras in the northern part of Alberta. I see that $30,860 is set aside for that. Then at Nanaimo, British Columbia, an aeradio station for the extension of services in that area will cost $6,399.

Mr. Green: Is this under item 496?

Mr. Chevrier: Yes. Then there are substantial increases in salaries. There are increases in rates of pay for classified positions, following the announcement made in December of 1951, amounting to $245,000. There is also an increase in the basic rates of pay of 278 radio operators and 67 radio technicians amounting to $26,004. Then there are a number of annual increases, 586 of them, amounting to $77,976.

Mr. Browne (St. John's West): I believe arrangements have been made for the installation of a radiotelephone service for the islands of Newfoundland. Is the minister in a position to say what has been done? Twelve months have elapsed since the vote was passed. Have they been installed? I am referring to the small radio sets.

Mr. Chevrier: There is no money under this item for that purpose. I have no doubt my hon. friend has in mind radio and telecommunication facilities operated by the Canadian Overseas Telecommunication Corporation. I did see the president of that company yesterday and he reported to me that substantial progress was being made in the cases to which the hon. member has referred.

Mr. Browne (St. John's West): Is the minister referring to telephones on the small islands off the mainland of Newfoundland?

Mr. Chevrier: I am speaking of the main system that operates between Newfoundland and the mainland.

Mr. Browne (St. John's West): I am not speaking of that, I am referring to about a dozen islands off the mainland. A vote was included in the estimates last year to instal small receiving sets and transmitters to operate the short distance across two or three miles of water. It was too expensive to lay cables for telephones.

Mr. Chevrier: That is operated by the Canadian National Railways. I suppose they would have something in their vote for it.

Mr. Browne (St. John's West): Is it not in this vote?

Mr. Chevrier: No.

Mr. Browne (St. John's West): The minister gave the list last year.

Mr. Chevrier: Perhaps because I had it in front of me at that time.

Item agreed to.

Air services—

497. Construction or acquisition of buildings, works, land and new equipment—capital, $1,750,000.

Mr. Green: Would the minister explain the kind of buildings and works covered by this vote.

Mr. Chevrier: This vote covers, for instance, six instrument landing systems which will be constructed or relocated at airports such as Gander, Sydney, Ottawa, Regina, Patricia Bay and Vancouver, for which $274,000 is set aside; I.L.S. equipment to be installed at northern locations, $145,000; V.H.F. equipment to be installed at all stations, $49,531; voice recording equipment, $136,000; at Gander airport, a ground control approach radar, first stage, $123,000; at Mecatina, reconstruction of buildings, and the reconstruction of a low frequency beacon, $180,000; at Terrace, radio range, and four dwellings, $100,000; at Nanaimo, construction of a low frequency radio range, $68,000; living accommodation at Teslin, $10,500; Embarras, $40,000; Fredericton, $20,000; Goose Bay, $60,000; Beaton river, $65,000; Prince George, $35,000—making a total of $230,500 under that heading of living accommodation.

Mr. Green: That is for living accommodation for the staffs at these airports?

Mr. Chevrier: In isolated places.

Mr. Green: To what extent have instrument landing systems been installed in Canada?

Mr. Chevrier: They have been installed at practically all the main airports with the exception of one or two. We have instrument landing systems at Sydney, Ottawa, Dorval, Winnipeg, Vancouver, Edmonton, Calgary, Lethbridge and Gander. We are installing them at the five airports I mentioned earlier.

Mr. Green: What is the intention with regard to the eventual installation of instrument landing systems at all subsidiary airports?

Mr. Chevrier: They will be installed at all major airports. No decision has been arrived at as to installing them at subsidiary airports. If the traffic warrants the time may come when we will have to instal them there as well.

Mr. MacLean (Queens): There is a radio range station north of Seven Islands on the air route into northern Labrador where the iron mines are located. Is that radio range station owned or operated by the department or by the private company?

Mr. Chevrier: It is owned by the private company.

Item agreed to.

Radio Act and regulations—

498. Administration, operation and maintenance, including contributions as Canada's share of the administrative costs of various international radio, telegraph and telephone conferences, as detailed in the estimates, $1,009,074.

Mr. Knowles: Has the minister been able to look into the question I asked the other day with regard to the form used when applying for a certificate of proficiency in radio. I drew the minister's attention to the fact that this form calls for two reference letters from persons of British parentage. I asked what the translation was on the French version of the form. Is it really intended to read that way? When you are asking for a letter of reference surely it is not necessary to inquire into the parentage of the person giving the reference. I know of one particular applicant who went to the minister of his church in the city of Winnipeg. When the minister looked over the form he said, "Although I am a minister and a Canadian citizen, I cannot sign that because my parents are Icelandic." Has the minister any comments to make?

Mr. Chevrier: I asked one of the officers of the department about that and he assured me that such interpretation is certainly not put on those words. The words "British parentage" are meant to mean British subject. There would be no difficulty if an applicant obtained references from two people who were British subjects. It may be that the form is obsolete, and I have asked our people to look into it.

Mr. Knowles: I would point out that the form does not simply ask that the people who sign the letters be British subjects or of British parentage, it asks that the parents of the people signing the letter be of British parentage. But do I understand that the minister is going to look into the possibility of revising this form?

[Mr. Green.]

Mr. Chevrier: I shall have our officers look into it.

Item agreed to.

Radio Act and regulations—

499. Construction or acquisition of buildings, works, land and new equipment, $206,400.

Mr. Green: What type of works and buildings are covered by this item?

Mr. Chevrier: The construction or acquisition of buildings and works such as the moving of the ionospheric measurement station which was established on the Prescott highway to the Connaught ranges. Then at the Ottawa monitoring station we are replacing the antenna at a cost of $7,000. In the case of moving the ionospheric station, the cost was $25,000. Point Grey monitoring station, $18,000; that is the replacement of frequency measuring equipment. Quebec monitoring station, establishment of radio frequency measuring station, $3,000. Then at Edmonton, for monitoring, $39,000. At Resolute, for ionospheric equipment, $6,000. At Baker Lake, ionospheric station and power line extension, $22,700. Fort Chimo, $10,000, installation of generating plant. General replacement of obsolete frequency standards, $5,000. Radio receivers, and installation of fire alarm system at various stations, $8,500. There are a number of smaller items of construction or acquisition of equipment which run into $12,000.

Mr. Green: What is the difference between the work covered by these two votes described as under the Radio Act and regulations and the two previous votes called radio aviation services?

Mr. Chevrier: The first is for the payment of the radio operators who keep in contact with the planes when they are in the air. These are located at the various airports from one end of the country to the other. There are over a hundred of these and it is for administration and payment of salaries that those votes are included. The other is a construction vote.

Item agreed to.

Radio aids to marine navigation—

500. Administration, operation and maintenance, $2,035,699.

Mr. Green: About a year and a half ago the minister sent two of his officers to the west coast to make an investigation into whether or not some change should be made in the regulations concerning radio operators on ships. This has been quite a contentious point for some years, whether the regulations were sufficiently strict in connection with requiring full-time radio operators. Some ships have been permitted to have their

freight clerk, their purser or some other officer look after the wireless in addition to his other duties ,and I believe in some cases the ship was allowed to depend upon the radiotelephone. What was the result of that investigation? We have had two or three wrecks on the coast which brought up this question. I think in one case the person responsible was not watching the radar, and in another the radiotelephone equipment was out of order. All this would seem to support the argument that there should be full-time radio operators on more of these ships.

Mr. Chevrier: I am afraid I do not remember what the report indicated, as it was some months ago. My recollection is that the report indicated that perhaps some improvement could be made along the lines suggested by my hon. friend. It might require an amendment either to the Canada Shipping Act or the Radio Act. Consideration is being given at the moment to amending the act.

Mr. MacLean (Queens): Can the minister tell me if radar equipment is installed on the Prince Edward Island car ferry operating between Borden and Cape Tormentine, to enable it to dock in foggy weather?

Mr. Chevrier: Yes, there is radar equipment on that ship.

Mr. MacLean (Queens): What action has been taken to instal radio equipment on the Northumberland ferries operating between Wood island and Caribou, to enable them to operate at night?

Mr. Chevrier: Those ships are not operated by the Department of Transport, but I am informed they are installing it now.

Item agreed to.

Radio aids to marine navigation—

501. Construction or acquisition of buildings, works, lands and new equipment, $300,000.

Mr. Herridge: When I made a few remarks the other day on item 1 I brought to the minister's attention the peculiar difficulty many residents of my constituency have with radio interference. I notice that in the estimates there is provision for 41 radio inspectors. I presume these are the men who make inspections with respect to radio interference. I wish the minister could see his way clear to increase the number of inspectors because my experience so far as the southern interior of British Columbia is concerned is that the one man there has far too much ground to cover to do the work efficiently and effectively. I should also like to ask the minister to give consideration to making certain that persons use proper appliances on electrical equipment, so as to cut down radio interference as much as possible.

Mr. Chevrier: Dealing first with the latter point, we have a number of districts where there are interference cars. There is a vote dealing with that a little later, but perhaps I can answer my hon. friend now if I am permitted to do so. We do a considerable amount of work all across the country. We send out these inspectors when advice is received that there is interference. The inspectors go first to the complainant. Then they go about the area with their car to try to identify the equipment that is causing the interference, and about 80 per cent of the time they succeed in doing so. They report to the complainant, and then they indicate as courteously as they can to the person who is responsible for the interference that it should be removed and how it can be removed.

My hon. friend raised the question of additional inspectors, particularly in the district of Kelowna, British Columbia. It is a fact that the inspector at Kelowna has a large territory to cover. However, it is a costly matter, and it would be uneconomical to provide inspectors throughout Canada in sufficient numbers to visit every community frequently. The department of course depends to a large extent upon the co-operation of electrical equipment dealers and public utility companies who make reports from time to time to our inspectors in the area. However, I shall be glad to take my hon. friend's remarks under consideration and see if we cannot assist that particular area.

Mr. Low: May I suggest that the Minister of Transport and the Minister of Public Works might get together and send an inspector around some of the corridors of the parliament buildings to try to detect some of the inferior electric razors that are being used throughout the building.

Mr. Quelch: What powers do these inspectors have to enforce action to eliminate interference? After they have gone out and located the interference, what powers have they to see that the person who is responsible takes action to correct it? I have in mind a case in Alberta where a complaint was laid. The inspector arrived and finally located where the interference came from but apparently that was as far as he went. He notified the person that his little power plant was responsible for the interference, but no action was taken.

Mr. Chevrier: The answer is that I do not think the inspectors have any powers. They do it as a service. They act because they are so requested, and I do not think they could tell an offending person that he must eliminate the interference. All they can do is to communicate to the complainant

what is the cause and point out to the offending party the way to eliminate it. I think if they were to go any further they would be interfering with property and civil rights.

Mr. Low: Perhaps the minister can say whether there is any authority within a province that could be used to induce a firm or a person to remedy the interference.

Mr. Chevrier: There might be, but I do not know under what legislation it could be enforced. I think these things have to be done by education and by asking people to co-operate with us. We find that out of the large number of cases investigated 80 per cent, if not more, do co-operate.

Mr. Herridge: I have one more question arising out of the remarks I made the other day. This matter has been brought to my attention by a number of people, and I have had personal experience with this sort of thing on one or two occasions. Your officer arrives in a small community in a very nice van marked "Transport department, Canada, radio division". It is very soon mooted around the community that the gentleman is there, and many of the offending machines do not go into action until the owners know that he has left the village again. Do you think it would be possible for these people to travel with less publicity?

Mr. Chevrier: I will ask our people if they can do anything.

Mr. Herridge: I make that suggestion.

Mr. MacLean (Queens): My experience is that a large number of operators of radio receiving sets are unaware that anything can be done about radio interference. Even if they do know, they do not know how to go about getting it under control. Could consideration be given to printing a statement on radio licences, if they continue to be issued, informing operators of receiving sets whom they should communicate with in order to have interference dealt with?

Mr. Chevrier: I understand there is quite a bit of publicity in connection with our operations. We carried on a series of programs over the air indicating that this service was available. We also advertised it to the public by means of circulars. When radio dealers sell equipment they advise the purchaser. I could add another indication, the fact that as a rule my correspondence contains letters from people who write from all parts of Canada and say that there is interference in this, that or the other district. I think the public is gradually getting to know that we have this service.

Item agreed to.

[Mr. Chevrier.]

Suppression of radio interferences—

502. Administration, operation and maintenance, $408,495.

Mr. Knowles: Mr. Chairman, I gather that most of the discussion for the last few minutes has actually been on item 502.

Mr. Chevrier: That is right. It has been on this item.

The Chairman: Item 503 also has to do with radio interference. Does the committee wish to consider the two items at once? They both have to do with radio interference.

Some hon. Members: Agreed.

503. Construction or acquisition of buildings, works, land and new equipment, $31,600.

Mr. Knowles: The case of interference which I should like to mention is a little different from the type of interference discussed by the last few speakers. It relates to the way in which one station in Winnipeg seems to prevent people from hearing another station. May I say to the minister that I have taken the matter up with Mr. Dunton, the chairman of the Canadian Broadcasting Corporation, and he indicated to me that the matter is really one that comes under the Department of Transport. Nevertheless he was familiar with the problem and wrote me in reply to my representations. I appreciated Mr. Dunton's letter, and I appreciate the fact that the matter of allotting channels so that everyone will get a hearing seems to be a problem that is difficult to solve. The Winnipeg station to which I refer particularly is CKY, which is at 580 kilocycles. To give the whole picture perhaps I should indicate that the Winnipeg stations are CKY at 580; CKRC at 630; CBW at 990; CKSB at 1250 and CJOB at 1340. So far as I can ascertain none of these Winnipeg stations interfere with each other. They are well placed, and that is fairly good considering that this adds up to five stations in the Winnipeg area. However, there are Winnipeg people who like to be able to tune in on one or other of the major United States networks. The nearest outlet for the NBC network is KFYR in Bismarck, North Dakota, at 550. The nearest outlet for the Columbia network is KSJB at 600, which is in Jamestown, North Dakota. It is in connection with KSJB at 600 and CKY Winnipeg at 580 that we get into difficulty. In the other cases there seems to be no difficulty, but the people who want to listen to the Columbia network through KSJB at 600 tell me they are frequently prevented from doing so because of interference from CKY at 580.

As I say, I have taken the matter up with Mr. Dunton but as yet no solution to the

problem seems to have been found. It is a case of interference which is different from the other types of interference members have been talking about. Mr. Dunton does say the matter comes under the Department of Transport. Can the minister say whether his officials have looked into this matter and considered whether any other arrangement can be made or anything done to rectify this situation?

Mr. Chevrier: Indeed they have, Mr. Chairman, but it is a very difficult problem and one which is not easy to solve. It is a difficult problem because it arises in every country, not only in Canada and the United States. The best method of reaching a solution is through the international conferences which take place from year to year. There is the North American regional broadcasting conference which sat at Montreal for some time and dealt in part with this question. It sat at Washington last year, and we have delegates to that conference whose duty and responsibility it is to try to iron out these difficulties. These conferences give consideration to the general question of interference between stations in the same country or between stations in one country and stations in another country. I believe that with the new technical developments it may be possible to stop the interference, but I do not know. I can assure the hon. member that our officers are seized with the problem and are doing the best they can to solve it.

Item agreed to.

504. Issue of radio receiving licences (Transport department only), $769,752.

Mr. Knowles: May I ask the minister if he will indicate to the committee the basis upon which radio receiving licences are now being issued. The reason I asked this question is that last year, in the special committee on radio broadcasting, I understood that a recommendation had been made that the plan for collecting radio licence fees be changed. It was my impression that whatever that plan was, it was to be implemented, but so far as I can ascertain no change has been made as yet. Is it intended to change to the plan recommended by the committee, and if so, when? Or on the other hand is it the intention to continue as at present?

Mr. Chevrier: In the first place, there has been no change in the system of collecting radio licence fees. Radio licences are still sold by house to house canvass, through post offices, radio dealers and the like. In so far as the committee is concerned my opinion, although I was not a member of the committee, is that they made no recommendation. As a matter of fact I recall the chairman of the committee discussing the matter with me and telling me a recommendation had been made to the committee, but that the committee had not seen fit to accept it.

Mr. Knowles: Perhaps we had better both check and find out what happened. If my memory is correct, I think it happened this way. The Minister of National Revenue, who was a member of the committee, indicated to the committee that the change was to be made.

Mr. Chevrier: No, it is the other way around. I believe a witness suggested that the change might be made, and my recollection is that the Minister of National Revenue thought it would be unwise to make the change.

Mr. MacLean (Queens): I notice there is an increase of a little over $50,000 this year in this item. I presume that is due to the fact that there are more radio receiving sets in use now than there were. However, there are certain things in my mind which I should like the minister to clear up.

It seems to me that this is an extremely inefficient method of taxation. I realize that the minister's department is concerned only with the issuing of licences and collecting of the fee, and that the necessity for doing that is a matter of policy. It would seem to me that radio licences are issued primarily for the collection of the fee, and not for any regulatory purposes. Since it requires an amount of $769,000 each year to collect the fee, representing something like 30 cents per license, and since from the nature of the thing it is relatively easy to evade the tax, I feel it creates inequalities. There are certain sections of the country where the services provided by the CBC are not as readily available as they are in other sections. Then some language groups do not have the same service as other language groups. In view of these facts, has consideration been given to the possibility of eliminating the radio licence entirely, especially since it has become necessary to vote large sums out of the general taxation revenues to the CBC? The funds available from the sale of radio licences are entirely inadequate.

In a short time further complications will arise due to the fact that television will be coming into operation. At the present time television receivers do not require a licence, since there is no television service provided by the CBC. When such a service is provided, another problem will be created as to what the cost of a television licence should be as compared to a radio licence.

Mr. Chevrier: This is not nearly as inefficient a method of collection as the hon. member might think. While $769,000 is a lot of money, still about half goes for payment of commissions and half for salaries. Collections this year amounted to $5,816,000, which means that if the $2.50 licence fee had not been available the CBC would have received that much less money for programs and its services generally. It might on the whole appear to be a large percentage for collecting that amount but we have been unable, so far, to devise a better scheme. The hon. member for Winnipeg North Centre referred to recommendations that were made to the committee; but the committee saw fit not to accept them, so we simply carried on with the same method.

Then with reference to the question of policy, there has been no decision made to change it, and the intention is to carry on with the fee as it is now.

Item agreed to.

The Chairman: Is it the wish of the committee to consider items 505 and 506 together? They are on telegraph and telephone service.

Some hon. Members: Agreed.

Telegraph and telephone service—

505. Administration, operation and maintenance, $1,519,852.

506. Construction or acquisition of buildings, works, land and new equipment, $552,000.

Mr. Low: Will the minister explain to the committee just what the department's policy now is with respect to the maintenance of telephone and telegraph service in various parts of the country?

Mr. Chevrier: The policy is to assist those people who reside in isolated parts of Canada. I do not want to select any one part more than another. We try to maintain telephone and telegraph services in remote sections, so as not to deprive any part of Canada of service, until such time as a private corporation can step in and take over. In certain areas of Quebec and the maritime provinces it has become a regular policy to assist municipalities and sometimes private corporations. On the west coast in British Columbia we are trying to divest ourselves of these operations because there is one company—if there are not two—showing interest in taking it over. If we can get a reasonable price for our facilities we will sell them. The main policy is to assist these isolated areas until such time as they can operate their own services.

Mr. Low: I have reference now particularly to the lines in the Peace river country. I wanted first to tell the minister how much those lines have meant to the people up in that great north country. For the past seven or eight years I have been fairly well acquainted with the work the transport people are doing up there.

I wonder if the minister has been made acquainted with the situation up at Keg River. I imagine it would take a little while to get the information on it, but here is the situation. The line runs across country from Peace River. It was intended, of course, to penetrate the great northwest and give service and communication on up into the Great Slave lake area. This little settlement—I do not know whether you would call it a settlement or not; it is not a village, just a settlement—at Keg River is one of the principal terminals on the route. It happens to be about ten miles off the main highway leading from Grimshaw north into the Slave lake area. As a consequence the line is not nearly as valuable in maintaining communication with the outside world as it might be if they had followed the main highway north a little bit more closely.

I know how costly it might be to change the location of the line. But here is your Mr. Herrington, who is the operator—and he has been in there for a good many years—living at the Keg River settlement, carrying on his work, sending in his weather observations every few hours, keeping in touch with the Peace River headquarters and all that sort of thing, and transmitting the information that needs to be transmitted back and forth. But the people who are travelling through that newly-opened country are passing along the highway ten miles to the east. At various times of the year it is difficult to get to that line or to any terminal in case of necessity. It is the only line up there. I was wondering whether some consideration might be given to moving the terminal up to the highway east of Cape river, so that better use could be made of it.

I want to compliment the people up there who are doing that work. They have done a fine job. That has been a service the people have greatly appreciated. I just wondered whether any consideration had been given to moving the line up along the highway.

Mr. Chevrier: I am not aware of the particular case to which my hon. friend refers, but I will take it under advisement now and will ask our officers to see if it cannot be done.

Mr. Low: Thank you very much.

Mr. Stuart (Charlotte): Mr. Chairman, I should like to take just a few minutes to thank the Department of Transport for the installation within the last two years of a radiotelephone system between the mainland

of Charlotte county and Grand Manan island. For many years we had a submarine cable system between the mainland and the island, a distance of about 20 miles. During the winter months, when the weather was rough, they would find that their cable would be out of order. Then businessmen on the island were obliged to go 20 miles by water in order to make telephone or telegraph communication in connection with their business.

Two years ago this matter was discussed with the New Brunswick Telephone Company and through their co-operation and the co-operation of the Department of Transport a radiotelephone system was installed which today is working very successfully. It is appreciated by the people on Grand Manan island. It is a system of such a nature that, should anything happen in the winter months or in the summer months, it could be repaired without taking up the cable in rough water. For that reason it is considered to be very reliable and it means a great deal to the businessmen and citizens in this locality.

Mr. Green: When the minister spoke the other night and again this evening, he mentioned that the department is planning to dispose of a portion of the telephone and telegraph system in British Columbia. Can he give us some more details of the portion involved? Does he mean merely that portion which is in the Cariboo district, or will it include the lines at the coast on Vancouver island?

Mr. Chevrier: It is the whole system.

Mr. Green: And north of Hazelton up to the Yukon?

Mr. Chevrier: The whole system.

Mr. Green: Everything in British Columbia?

Mr. Chevrier: That is right.

Mr. Green: Is there any agreement under negotiation at the moment?

Mr. Chevrier: No, there is not.

Mr. Green: That could only mean turning it over to the British Columbia Telephone Company, could it not?

Mr. Chevrier: In part to the British Columbia Telephone Company and in part to the Canadian National Telegraphs.

Mr. Browne (St. John's West): I know the minister is getting tired and I do not want to pester him too much. I notice that this telephone and telegraph service is operated by the Department of Transport. That is separate and distinct from the Canadian National Telegraphs?

Mr. Chevrier: That is right.

Mr. Browne (St. John's West): Does the Department of Transport operate any telephone or telegraph system in Newfoundland? I do not think it does.

Mr. Chevrier: No, we do not.

Mr. Browne (St. John's West): Before union in 1949 the government down there operated a telegraph system, with some telephones connecting up with the telegraph, and this system always paid. It was part of the department of posts and telegraphs, and it was the paying section of that department. Since 1949 has the Canadian National Telegraphs adopted the policy that is referred to here:

> The chief function of this service is to provide telegraph and telephone service in remote or sparsely populated sections of the country . . .

In other words, in conformity with what the minister said a few minutes ago, to try to unite the country. I know of areas where there is no telephone communication. I know lots of people who would be glad to get a telephone in their homes if they could get it at such a reasonable rate as that granted to the people on the Magdalen Islands. Has the minister ever thought of that policy?

Mr. Chevrier: Their policy is not necessarily the same as ours. As my hon. friend knows, the Canadian National Telegraphs try to operate their business as profitably as possible; but they do try, accordance with a formula, to extend their telephone and telegraph services. I understand they have a plan which they intend to put into effect by degrees. I think that would be a matter which could be more properly discussed in the committee on railways and shipping.

Mr. Browne (St. John's West): I was not aware of that. It is not the department's intention to go into the business, I take it?

Mr. Chevrier: No, it is not.

Mr. Browne (St. John's West): They will leave that to the Canadian National Telegraphs?

Mr. Chevrier: Yes.

Mr. Browne (St. John's West): So whatever representations are to be made should be made to that body.

Mr. Chevrier: Yes.

Items agreed to.

Northwest communication system—

508. Construction or acquisition of buildings, works, land and new equipment—capital, $365,514.

Mr. Green: I think we have not got that far, Mr. Chairman. I think we are on item 506.

Mr. Chevrier: I thought we were carrying both of them together, but it is all right.

Mr. Green: Is there to be any extension this year of this telephone and telegraph system operated by the government.

Mr. Chevrier: Well, we have some money in this estimate for British Columbia in which my hon. friend is particularly interested: Dawson Creek and Pouce Coupe, $35,000. There is a continuing development of exchanges and distribution facilities which will cost, as I say, $35,000. At Quesnel we are purchasing and erecting a telephone cable to connect the radio range and the transmitting station with the airport, a distance of five miles, at a cost of $25,000. At Port Alberni to Ucluelet there is an extension of the telephone and telegraph facilities between these points, a distance of 125 miles, at a cost of $50,800. Then from Sechelt to Pender Harbour there is improvement and expansion of telephone facilities between these points, a distance of 35 miles at a cost of $29,000. There are a number of other items in Cape Breton, and in Alberta, and so forth.

Item agreed to.

Northwest communication system—

507. To provide for the difference between the expenditures for operation and maintenance and revenue accruing from operations during the year ending March 31, 1953, $276,596.

Mr. Green: What part of the northwest does this communications system cover?

Mr. Chevrier: It is parallel to the Alaska highway.

Mr. Green: I see that the vote this year is more than double what was required last year. Why is that?

Mr. Chevrier: It is because of wage increases, which amounted to $43,461; increased material costs, $62,608; labour costs, due to an increase of 3 cents in wage awards and the operation of the 40-hour week to which the northwest communications system is committed, $34,764. Then there is a general and miscellaneous item of $8,763. That makes a total of $199,000.

Item agreed to.

Meteorological division—

509. Administration, operation and maintenance, $6,484,500.

Mr. Knowles: May I ask a question with regard to this item. I note that although this is referred to as the meteorological division, it is included in air services. Is this just for air, or is this the weatherman for the whole of Canada.

Mr. Chevrier: It is, although air services include not only meteorological services but also radio and civil aviation; and under this vote come the weathermen, those who operate our weather station. It also includes those who prognosticate the weather from day to day.

Mr. Knowles: That is a good word for it.

Mr. Chevrier: It is responsible for providing meteorological services for all civilian and military purposes in Canada, for shipping in adjacent ocean areas; on the great lakes, and for international aviation over the Atlantic and Pacific oceans. It includes a pretty long list of items, because it is a substantial vote; for instance, the issue of public weather forecasts and the summaries that are given two to four times a day for 76 public weather regions. And it also covers 982 climatological stations, 241 surface weather reporting stations, 28 radiosonde stations, 2 aviation forecast offices and 11 main forecast offices situated in the main districts of aviation in Canada.

Mr. Knowles: I note that the item includes a contribution to the world meteorological organization. Can the minister tell us how universal is that organization? Are all nations co-operating? If not, which notable exceptions are there.

Mr. Chevrier: Well, I do not know of any exceptions. I think all the nations that are members of the United Nations Organization are also members of the world meteorological organization, including Soviet Russia.

Mr. Knowles: Is it a specialized agency of the United Nations, or does it stand on its own feet?

Mr. Chevrier: It is a specialized agency of the United Nations.

Mr. MacLean (Queens): In this connection I speak subject to correction; I am not absolutely sure, but I think the Department of Agriculture, where they have experimental stations, keep weather data. I do not suppose they forecast the weather, but they certainly keep weather data. Is there any co-operation or liaison between the weather service of the Department of Agriculture and the meteorological service?

Mr. Chevrier: Oh, yes.

Item agreed to.

Civil aviation division—

511. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder, $831,861.

Mr. Bryce: Would it be convenient for the minister to answer my question now?

Mr. Chevrier: I think the question which my hon. friend asks of me is really a difficult one to answer. I remember speaking to him about it, and I remember this correspondence.

It is a difficult one, because it is complicated legally. When I received his question I wrote to Canadian Pacific Air Lines to get some information from them, and when I inquired from my officers today there had been no reply. A telephone call was made to see if a reply could be obtained so I could give it in the house, but unfortunately it was not forthcoming. Therefore the only assurance I can give my hon. friend is that I have it under advisement, and I shall try to get him an answer as quickly as I can.

Mr. Bryce: I want to thank the minister for the trouble he is taking. He can understand how anxious I am to do something for this widow whose husband lost his life in that plane accident. Surely there should be some compensation, or something done for the woman. I thank you, and I hope you will continue to try to get some information.

Mr. Chevrier: I will try to get something for you.

Mr. Bryce: She is not able to afford legal assistance.

Mr. Green: This afternoon I brought up the question of the possibility of having a crash boat or some life-saving service established at Sandspit on Queen Charlotte islands, and the minister was going to check on that point and let me know when this item came up for discussion.

Mr. Chevrier: I am sorry; I have not had an opportunity of doing it. As this discussion goes on perhaps I could speak to one of the officers here.

Mr. Green: Another point has to do with the situation in Canada in so far as transport planes are concerned. I think that was raised during the discussion of the estimates last year. About a year and a half ago there was a good deal of concern because Canada had no reserve of transport planes available in the event of trouble. There was a discussion at that time of plans by which the government might acquire transport planes and turn them over to civilian operators on a loan or lease basis. Other plans were also considered. Can the minister tell us whether any such scheme is in operation or contemplation?

Mr. Chevrier: Yes. The government has that matter very seriously under consideration and it has done a number of things to assist the operators of commercial transport planes. I am not free to discuss them fully, because I hope before this session is over it will be possible to bring in an amendment to one of the acts, which will be of assistance. Then I believe we did take action in the budgetary resolutions to facilitate the importation of planes from the United States. There is also under study now the question of whether or not it will be possible to assist the purchasers of these planes by way of additional depreciation. We feel that the suggestions I have indicated would be better than if the Department of National Defence were to buy them and hold them, or in the event of emergency turn them over to private companies.

Mr. Green: Are we still very short of transport planes in Canada?

Mr. Chevrier: There has been a steady but slow increase in the number of these planes coming in.

Mr. Green: But it is a definite policy of the government to take steps to increase the number of transport planes?

Mr. Chevrier: Yes, it is.

Mr. Green: One other question: I understand there has been an application by Canadian Pacific Air Lines for permission to fly from Vancouver to South America. Would the minister tell the committee whether that application has been granted?

Mr. Chevrier: There is no such application. There is some talk of Canadian Pacific Air Lines flying to South America via the west coast. That, I presume, when it is determined, would have to be decided after agreement with the countries of South America. No formal application has been made, and we have made no representations to the government of Mexico. There has been no formal approach, although there has been some correspondence between the Department of External Affairs and the state department, or its equivalent, in Mexico. The matter is very much to the fore.

Mr. Green: The government would approve the inauguration of such service?

Mr. Chevrier: I do not think there is any doubt about it.

Item agreed to.

Operation and maintenance—

512. Civil aviation services, $9,325,320.

Mr. Browne (St. John's West): Does the department officially make investigation with respect to accidents to commercial aircraft?

Mr. Chevrier: Yes, we do. There is provision in the Aeronautics Act for the appointment of an investigator when a crash takes place.

Mr. Browne (St. John's West): Will there be any announcement of results before the publication of the annual report of the department? Do they appear anywhere else?

Mr. Chevrier: They appear in public statements made by the minister. When the report has been completed and sent in to the air transport board, they communicate it to the minister, and a public announcement of the findings is made.

Item agreed to.

513. Airway and airport traffic control, $1,425,396.

Mr. Green: The minister made reference to item 513 when he opened discussion on his estimates. I believe he said some of this expenditure was being made on behalf of the Department of National Defence. Why is that necessary? Why is it handled in that way?

Mr. Chevrier: The Department of National Defence have asked us to take over a number of airports, and they do ask us to take over airports from time to time. That is why a portion of this covers those airports. This obtains generally where there is traffic which is partly military and partly civil. In these airports the Department of National Defence asks us as a rule to take over the civil air operation of the airport.

Mr. Green: Then I asked the minister if he could give us the valuation placed on the Vancouver airport by his valuator. He said he did not have that information at hand at the moment, but I understood he would make it available at a later date.

Mr. Chevrier: I do not think I can make that report available. It was a confidential report to me. I was asked for that same information by the mayor and municipal authorities of Vancouver; and, so that they would feel that nothing was being hidden, I sent them a summary covering I believe all the information they required. They seemed to be satisfied, because they did not ask for the report itself. In that summary is contained the figure for which the hon. member is asking. I cannot recall what it was, and would not like to give it from memory.

Mr. Green: Press dispatches indicated that it was $1,503,000.

Mr. Chevrier: I would think that is probably correct.

Mr. Green: Is it approximately correct?

Mr. Chevrier: I believe so; but I am speaking from memory, and it is several months since I have seen it.

Mr. Green: What is the minister's objection to having this long-standing dispute referred to arbitration, or decided by the exchequer court. It seems to me unfortunate that it should drag on for three or four years without reaching any agreement. One result is that the city has not the money available to help build a new bridge to replace the Marpole bridge. I believe the council plan to use the money they get from the department for that purpose. What is the objection to having it arbitrated?

Mr. Chevrier: I do not think there is anything to arbitrate. I presume the city think we should buy the land. We have indicated to them we do not think we should. We are willing to pay a reasonable price for the buildings. It was on that basis that the offer was made. It may be that a compromise can be found. As indicated the other night, I understand some of the officials from Vancouver are coming down to discuss the matter further, and I shall welcome any discussion. Beyond that I cannot say more.

Mr. Green: Why is a different position taken by the department with respect to that airport from that concerning the airport at Dorval, which I believe was paid for entirely by the department?

Mr. Chevrier: I indicated the other night that the position is the same with respect to all airports in Canada, where municipalities have contributed something. The only exception is Dorval, because of the transfer that was made from St. Hubert, which was a military airport, to Dorval. The government in those years felt it should purchase the land, and it did. That is the only exception.

Mr. Green: The government has paid everything in connection with Dorval?

Mr. Chevrier: I understand it has.

Mr. Green: How much has it cost, approximately?

Mr. Chevrier: I would not have that information on this item, but I can get it.

Mr. Green: What about Malton?

Mr. Chevrier: A substantial contribution has been made there by the city of Toronto and, I believe, by the harbour commission. In fact, a large part of the property is still owned by Malton.

Mr. Green: I do not wish to take up more time on it, but the minister knows that the Vancouver airport is an international airport. It is far beyond the position of being only a municipal airport. I do suggest the department should not stick to the position that it will pay nothing whatever for the land. It should be possible to reach some agreement.

Mr. Chevrier: We are giving it our best attention.

Mr. Laing: I should like to say a few words about the matter which has just been discussed by the hon. member for Vancouver-Quadra in connection with the Vancouver international airport. I am partly in agreement with what he says. I certainly am in agreement with his statement that the Vancouver international airport is a very important airport. The figures given by me by Mr. William Inglis, the manager of the Vancouver airport, show that for the first three months of this year passengers out of that airport totalled 92,211, an increase of 16 per cent over the same period in the previous year; airmail amounted to 702,281 pounds, an increase of 23 per cent; air cargo amounted to 823,966 pounds, an increase of 14 per cent, and aircraft movements, which are the real indication of the business carried on by an airport, were 40,929, an increase of 45 per cent.

Great things are going on at that airport and I want to compliment the minister upon what he has done in the way of improvements. At the present time we are building a runway which will be the longest in Canada at a cost of something like $2 million. The investment of the government of Canada in that airport at the present time far outweighs the investment of the city of Vancouver.

I think the minister is making an error in attempting to draw a parallel between the Vancouver international airport and the development which has taken place at Malton or Dorval. In 1929 the city council of Vancouver, with far more foresight than they dreamed at that time, purchased some 475 acres of land to form the nucleus of what is now an airport consisting of some 1,400 acres. They own only 475 acres. In the case of Malton there was an agreement between Toronto and the department under which Toronto supplied the land and the federal government provided the investment necessary for capital improvement. I think more or less the same arrangement applied in the case of Dorval and Montreal.

As I say, the history of the purchase of Vancouver airport goes back to 1929. In 1945 the city decided they wanted to retain control of the airport and it was returned to them at that time by the government. The city has been operating it since. They now wish to dispose of their interests in the airport, and they are asking for only the money which they have put into it.

I am informed that they are agreeable to accepting $1,100,000 as a discharge of their investment. The minister has indicated that the city authorities are coming down to see him shortly, and I hope at that time he will feel disposed to take over full control of this airport and pay the city $1,100,000. I do not think the hon. member for Vancouver-Quadra realizes that there has been a dispute among the city authorities. He must realize that a bylaw would have to be passed in connection with this, and the authorities wanted to arrive at a figure which they could recommend to the citizens of Vancouver.

As he knows, the first suggestion they made was that they should be paid $2,500,000. That sum was quite in excess of the investment of the city in the airport; it was quite in excess of the compounded losses, interest charges and retirement of debt on the bonds. As I say, I am informed that they are now agreeable to accepting $1,100,000. I must compliment the hon. member for Vancouver-Quadra upon the agility he has shown from time to time in confusing the airport with the bridges which give access to the airport and which he and I both know are solely the responsibility of the province of British Columbia.

Mr. Green: I do not agree with that.

Mr. Laing: If my hon. friend will study the agreement I think he will agree that at least the initiative must be taken by the province of British Columbia because the existing bridges are their full responsibility.

The Chairman: Let us confine ourselves to airports.

Mr. Laing: I am just concluding. I do hope that when the city fathers come down here shortly the minister will give them every consideration. We in that area are extremely proud of this airport, which is beginning to be heard about not only in Canada but throughout North America. It is going to be one of the great airports in North America. Next year Canadian Pacific Air Lines will begin service to the Orient, flying Constellations to Hawaii and then jets to the Orient. We should pay some attention to what is going on in the United States, where a recent merger has occurred between Capital Airlines and Northwest Airlines. I understand United States lines are in position today to sell through tickets from Florida to Tokyo.

We are justly proud in Canada of the great strides aviation is making. A report made recently by one of the ministers indicates the great primary work done by the Minister of Trade and Commerce in expanding Canada's air facilities. Canada is now the second nation in the world in point of air travel outside the country. That is a very proud position to have and we must see that we maintain it on the west coast as well as on the east coast. We can do that by continuing the excellent degree of

improvement and the providing of new facilities which is being carried on at the present time at Vancouver international airport. It is my thought that this work could be carried on more effectively if the government had full control.

Item agreed to.

Airways and airports—Construction services—

515. Construction or acquisition of buildings, works, land and new equipment—capital, $7,517,450.

Mr. Browne (St. John's West): Is the revenue for the use of airports collected by the department?

Mr. Chevrier: Yes, and paid over to the consolidated revenue fund.

Mr. Browne (St. John's West): It does not reduce this in any way?

Mr. Chevrier: No.

Mr. Balcom: As most members know, Halifax means practically everything east of Moncton but it is without an airport able to handle the heavy transport planes. This means that a person going to Montreal from Halifax must shuttle back and forth in the smaller planes. We were greatly pleased when we heard the announcement that Halifax was to have a new airport and I was wondering if the minister could tell us the present status of these plans.

Mr. Chevrier: All I can say is that our people have made a survey of the site and it must be determined whether the weather conditions are such that we can operate at that site. That determination has not been made, but it is progressing.

Mr. Dickey: I should like to associate myself with what my colleague has said with regard to our satisfaction at the statement the minister has made. Can the minister state whether the arrangements for the purchase of the site have been made, or just what the status is?

Mr. Chevrier: All I can say—no doubt my hon. friend knows this—is that the city are willing to make a contribution toward the purchase of the site. I cannot state exactly what that is.

Mr. Dickey: There has been nothing further?

Mr. Chevrier: No.

Mr. Gillis: I should like to help out my hon. friends from Halifax on this particular matter because I have raised it in the house on one or two occasions. I am not completely satisfied with the answer of the minister. The matter of an airport for Halifax has been in the slings for some considerable time, and I think it is pretty nearly time the department got around to doing something definite about it. As the minister knows, the city of Halifax as such has no air facilities. There is no airport at all. If you want to get out of Halifax by air you have to cross over to Dartmouth and travel down to Eastern Passage airport which at the present time is managed and owned by the naval service. The airport at Eastern Passage is such that North Stars and other large planes cannot land there. It is a naval station and is used almost exclusively for that purpose. The city of Halifax as such has no airport whatsoever.

I think the members from that area have been patient and long-suffering because the answer we got from the minister tonight is the answer we have been getting for at least three years. He says the matter is under consideration.

Mr. Chevrier: Mr. Chairman, I do not think that is correct. I am sure my hon. friend does not want to make that statement. The first question I had about the Halifax airport was from my hon. friend the junior member for Halifax, and that was less than a year ago.

Mr. Gillis: If you will look at the records you will find that I raised the question at least three years ago and made a detailed statement with respect to the expansion of the airport at Eastern Passage or the building of a new airport in Halifax proper.

Mr. Chevrier: There was no question of building it at that time.

Mr. Gillis: The matter was under consideration then and the minister was going to have a look at the proposition. The minister took a look at it and a site was purchased. From the minister's answer tonight, the project is still in the embryo stage and it is all very vague. I belong to the province of Nova Scotia and I am interested in that province and in the city of Halifax from the standpoint that an airport for the city should be considered at this time as part of the national defence program. Halifax is one of the most important shipping ports east of Montreal. In the event of war it would be a very vulnerable city. It is not only very vulnerable, but if anything happened to it people would find it almost impossible to get out of the city. The members from Halifax are well aware of that.

If there was a disaster of any kind and the city had to be evacuated it certainly could not be done by highway or train. The highway is practically blocked because of the bottleneck around Fairview. Only one car at a time can get through the narrow viaduct over which the railway travels, and there would be a mess if people had to get out of

the city in a hurry. From the standpoint of civil defence the only chance of evacuating people from the city would be by air, and there is nowhere in the city a plane can land. On the other side of the harbour at Eastern Passage there are no facilities for a plane of any size to land.

I think the department should give serious consideration to the building of an airport at Halifax from the standpoint of national defence and civil defence because it is absolutely necessary for those purposes. I am not trying to browbeat the minister at all. I know he is a very co-operative minister and will do what he can, but on this matter he is not getting the co-operation behind the scenes that he should get. There are appropriations in the estimates for improvements to airports all over the country, and no section of Canada is in greater need of an airport today than the city of Halifax. I suggest that the minister should try to reach a definite understanding on the matter.

I raised the question before with the Minister of National Defence from the point of view of improving or expanding the facilities already at Eastern Passage. My understanding at that time was that it was a naval station, that they were only interested in improving it for that purpose, and that the matter of establishing a civil airport was one for the Department of Transport. As soon as the minister possibly can I think he should make a detailed examination of the necessity for an airport there, considering it from the point of view of civil defence and national defence, and try to give the house some definite undertaking. I know there is great anxiety in the city of Halifax on this matter, and I should like to see the minister give the house something more definite than he has been able to give so far.

Mr. Chevrier: Perhaps I was vague and indefinite in the statement I made a moment ago, but I can tell my hon. friend that a decision has been taken to establish an airport at Halifax. Before the airport is built and the strips are put in we have to get a site. The mayor of the city of Halifax came to Ottawa and assisted by the two members from that city made representations. We indicated to him that if he would make a contribution we would be glad to consider the matter. The mayor then indicated he was prepared to make a contribution and advised me of that fact. I said to him in reply that I would want to look at the site that he had in mind. Our officers have that site under consideration. They are studying it with reference to climatological conditions, and if the atmospheric conditions and the like are satisfactory after study and detailed survey we will go ahead with votes in the estimates for the construction of the airport.

Mr. Stick: I understood about a year ago that consideration was being given to a new terminal building at Gander. The minister is familiar with the terminal building there. It is a converted wartime hangar. As everybody knows, Gander is one of the most important airports in Canada. Royalty are arriving there, and persons from the east. They are travelling back and forth. There is no decent terminal or hotel. I think consideration should be given to providing a decent terminal together with a small hotel to accommodate these people. Passengers arrive there in the hundreds every day. Has the minister anything to say on the matter? Would he give it consideration? Numerous people in Newfoundland have requested that some consideration should be given to a new terminal at Gander.

Mr. Chevrier: The matter is under consideration now.

Mr. MacLean (Queens): As has been pointed out to the minister already, I believe, considerable concern has been expressed by the city of Charlottetown about the inadequacy of the airport there. It is used as the chief operating centre of a very progressive airline company and its runways are inadequate to such an extent that the aircraft now in use have to cut their pay loads in order to operate under the existing limitations. I understand that the city of Charlottetown is prepared to acquire and put at the disposal of the department any land which might be required in a program of extending the runways. I would be interested to know if there is provision in this item for any expansion there.

Mr. Chevrier: No, there is not. The mayor of the city of Charlottetown has made representations to me, and others have as well. We are sending two of our officers there to look at the airport.

Item agreed to.

517. Contributions, subject to the approval of the governor in council, to assist municipalities in the development of and improvement to airports, the sites of which have been provided by such municipalities, $67,000.

Mr. Herridge: When speaking on item 1 I brought to the minister's attention a fact which he already knew, namely, that the people of Castlegar have asked for a grant of $50,000 in order to complete the runways of their airport. I also pointed out that the municipality of Nelson has asked for a small grant for the airstrip by the lakeshore, and the city of Revelstoke has asked for $5,000 toward the completion of their small airport. I brought to the minister's attention the great

importance of these facilities in increasing the development of the area. I notice there is no provision in the estimates for these airports. Can the minister tell the committee if further consideration has been given to these requests by his officials?

Mr. Chevrier: Yes. They are for the supplementary estimates.

Item agreed to.

518. Contributions, as specified in the details of the estimates, to other governments or international agencies for the operation and maintenance of airports, air navigation and airways facilities, $275,153.

Mr. MacLean (Queens): In connection with this item 518, would the minister be kind enough to explain in greater detail than is shown here the exact use to which these contributions are put?

Mr. Chevrier: Yes. These are contributions that ICAO makes on behalf of the government to Iceland; for contributions that are made to the government of Denmark, and for contributions to facilities at Grand Marais, Michigan, an airport on the transcontinental route. Roughly speaking the total is $275,000.

Item agreed to.

Administrative division—

519. Air services administration, $235,047.

Mr. Green: Since this is the last air item, has the minister the information concerning Sandspit?

Mr. Chevrier: That is the matter with reference to the crash boat? The information I have is that the departmental officials feel they could not provide a crash boat for the airport in question. If they did, it would be a provision which would have to be made for a number of other airports on our coasts that are in similar circumstances, and a policy in that regard has not been looked upon favourably, I am sorry to say.

Mr. Fair: Perhaps I had better bring another airport to the attention of the Minister of Transport. It has been taken up with the Minister of National Defence on several occasions, because it is being used and has been used for the past few years by officials of the defence department when on their way to the Wainwright military camp. At the present time there is another big military camp under construction in the lake district, and the airport is useful in that connection. It has also been suggested that should there be a bombing attack on Edmonton, and the facilities of that airport put out of business, then Vermilion would certainly be the next airport to be used. This airport has been used by planes on their way to Lloydminster, because on a couple of occasions that airport has been flooded. The regular planes have gone on to Vermilion, and then the passengers have been taken back to Lloydminster by automobile. I should like the Minister of Transport to consult with the Minister of National Defence on this question.

Mr. Chevrier: I shall be glad to do so.

Mr. Fair: Quite a little money has been put into this project by the board of trade of Vermilion and the town council. The airport certainly has been of great value in the past, and should be of great value in the future if some of the things I have mentioned should take place. It would not take much money to make this an emergency landing strip of great value.

Mr. MacLean (Queens): Has there been any request for or consideration given to grants to glider clubs?

Mr. Chevrier: There has, yes, but we have had to turn them down, because they are more of a recreational nature than anything else.

Mr. MacLean (Queens): They are very useful for teaching the basic principles of flying. Other countries have made great use of gliding, and it is much cheaper than flying powered aircraft.

Mr. Chevrier: Yes, but on the other hand there are so many demands for air services from all parts of Canada that we feel the money could be better expended.

Item agreed to.

Board of Transport Commissioners for Canada—

521. Administration, operation and maintenance, $850,364.

Mr. Green: This is the board of transport commissioners item, and could the minister explain the increase in that vote?

Mr. Chevrier: It is in part consequent upon the increase in salaries given the members of the board, which I brought down in the house earlier in the year.

Mr. Green: But that is statutory, is it not?

Mr. Chevrier: The increase in salaries amounts to $53,144, and special assistance amounts to $116,000, totalling $169,144.

Mr. Green: In the details for this special assistance, it is described as special assistance in connection with the standardization of

railway accounting procedures and general freight rates investigation. Does that refer to the general investigation the board is making leading to an equalization policy?

Mr. Chevrier: Yes, it does; and it also refers to some of the amendments which were made to the Railway Act having to do with the implementation of certain policies such as uniform accounting, and so forth.

Mr. Green: When is it expected that they will be through with their equalization inquiry?

Mr. Chevrier: The last time I was able to talk to the chairman, he indicated to me that he would like to have some hearings at various places in Canada. I am not able to say when.

Mr. Green: When will the hearings be held?

Mr. Chevrier: I cannot say.

Item agreed to.

Canadian Maritime Commission—

Steamship subventions for ocean services—

Pacific ocean—

524. Canada, New Zealand and Australia, service between, and if either or both the governments of Australia and of New Zealand should request or authorize the Canadian maritime commission to act on its or their behalf in contracting for this service, the Canadian maritime commission is hereby empowered so to act, $166,667.

Mr. Green: Under this vote, could the minister tell us the present position with regard to subsidizing the *Aorangi,* plying between Vancouver and Australia?

Mr. Chevrier: The subsidy arrangement is being renewed for this year, and this is to provide for our share.

Mr. Herridge: I do not know whether I am quite in order on this item, perhaps it should have been on 522; but I should like to ask the minister whether he has received any representations from the government of British Columbia or any cabinet minister, suggesting co-operation between the province and the dominion government in subsidizing the Arrow lakes steamship service?

Mr. Chevrier: Not in the last few months.

Mr. Green: Is the agreement for the Australian service merely on a one year basis, or is there some longer term arrangement by which the service will be continued?

Mr. Chevrier: It is on a year to year basis.

Mr. Green: Which governments are associated?

Mr. Chevrier: New Zealand, Australia and Canada.

Mr. Green: Each puts up one-third?

Mr. Chevrier: Canada contributes two-thirds of the subsidy.

Item agreed to.

National harbours board—

525. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1952 on any or all of the following accounts: (a) retirement of maturing debentures—Saint John, $667,954; (b) reconstruction and capital expenditures—Halifax, $455,150; Saint John, $1,000,000; Quebec, $900,000; generally—unforeseen and miscellaneous, $100,000; less amount to be expended from replacement funds, $273,500, $2,181,650.

Mr. Browne (St. John's West): Have any representations been made to this government by the government of Newfoundland regarding the setting up of a national harbour board?

Mr. Chevrier: Yes, but not in the last seven or eight months.

Mr. Green: The other day when the minister was speaking about local committees in the cities where there are these national harbours I think he mentioned that there was a committee in Halifax and also in Quebec. I understood from his remarks that these were committees which had been set up by interests in the cities to co-operate with the port management, and I presume to make recommendations and so on. Is that the actual picture?

Mr. Chevrier: In the case of Halifax, it is a corporate body that is being established by the provincial legislature. In the case of Quebec it is a group of people who have banded themselves together in an organization which is unincorporated.

Mr. Green: Would the national harbours board and the Department of Transport co-operate if a voluntary committee were to be set up for the port of Vancouver, made up of various bodies such as the merchants' exchange, the board of trade, the Canadian Manufacturers Association and the shipping people?

Mr. Chevrier: Of course the national harbours board would co-operate; but the Department of Transport is not concerned with the operations of the port of Vancouver.

Mr. Green: There would, of course, be no legal status for such a committee; but I should like to know whether the board would, as a matter of policy, co-operate with a committee of that type.

Mr. Chevrier: If they represented a group of citizens, they would; yes.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, on Monday we will proceed with the resolution in the name of the Prime Minister respecting the Emergency Powers Act and the resolution in the name of the Minister of Finance respecting the Consumer Credit (Temporary Provisions) Act. Then we will move to go into supply and call only two departments. Having disposed of those matters we will take up the other three resolutions: one to amend the Canadian Farm Loan Act, the second to amend the Tariff Board Act and the third to amend the Canada Elections Act. Hon. members will see that they are minor matters. Then we would take up all the finance bills, but in what order I do not know.

Mr. Green: What are we going to do after that?

Mr. Fournier (Hull): Prorogue.

Mr. McLure: When shall we have the Department of Public Works?

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

[The following items were passed in committee of supply]:

DEPARTMENT OF TRANSPORT

Canal services—

464. Administration, $119,043.

465. Operation and maintenance, $5,061,650.

466. Construction or acquisition of buildings, works, land and new equipment, $4,553,100.

467. To provide for expenses in connection with the St. Lawrence ship canal surveys and investigations, $60,000.

Marine services—

468. Marine services administration, including agencies, $571,414.

Marine service steamers—

469. Administration, $63,435.

470. Operation, maintenance and repairs, $4,670,783.

471. Construction or acquisition of vessels and equipment, as detailed in the estimates—capital, $4,351,000.

Aids to navigation—

472. Administration, operation and maintenance, $4,819,338.

473. Construction or acquisition of buildings, works, land and new equpiment, $1,439,210.

Nautical services—

474. Administration, $158,952.

475. Operation and maintenance, including grants and contributions, as detailed in the estimates; rewards for saving life from vessels in distress; subsidies to salvage companies, and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen as defined in section 296 of the Canada Shipping Act, $318,364.

476. Pilotage service, including authority for temporary recoverable advances not exceeding $20,000, $421,264.

477. Steamship inspection and the carrying out of the provisions of the conventions for the safety of life at sea and load lines, $543,764.

478. Marine signal service, $190,900.

River St. Lawrence ship channel service—

479. Administration, operation and maintenance, $981,300.

480. Contract dredging—capital, $2,821,326.

481. Surveys and investigations, $30,000.

Railway and steamship services—

482. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $54,700.

Hudson Bay railway—

483. To provide for the difference between the expenditures for operation and maintenance, and revenue accruing from operation during the year ending March 31, 1953, not exceeding, $325,000.

484. Construction or acquisition of buildings, works, land and new equipment—capital, $136,500.

Prince Edward Island car ferry and terminals—

485. To provide for the payment during the fiscal year 1952-53 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport made from time to time by the national company to the Minister of Finance and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1952, $1,485,000.

Canadian National (West Indies) Steamships Limited—

486. To provide for the payment from time to time to the Canadian National (West Indies) Steamships, Limited (hereinafter called "the company") of the amount of the deficit occurring during the year ending December 31, 1952, in the operations of the company and the vessels under the control of the company, as certified by the auditors of the company, and upon applications made by the company to the Minister of Finance and approved by the Minister of Transport, not exceeding, $734,000.

487. Strait of Canso—transportation improvements and facilities—capital, $1,800,000.

Canadian Government Railways—

468. Enlargement of dock and terminal facilities at North Sydney, N.S.—capital, $1,180,000.

489. Construction of new dock and terminal facilities at Port aux Basques, Nfld.—capital, $1,810,000.

490. Construction or acquisition of auto-ferry vessels, as detailed in the estimates—capital, $4,015,000.

491. To provide towards the cost of surveys of Newfoundland railway properties entrusted to the Canadian National Railway Company, $17,500.

492. Degaussing and strengthening of sea-going merchant ships of Canadian registry of 1,000 gross tons and over, $500,000.

493. Maritime Freight Rates Act—for the payment to the railway companies operating in the select territory designated by the act, during the fiscal year 1952-53, of the difference occurring on account of the application of the act, between the tariff tolls and normal tolls under approved tariffs (estimated and certified to the Minister of Transport by the Canadian National Railway Company and approved by auditors of the said company respecting the eastern lines of the Canadian National Railways, and in the case of the other railways by the Board of Transport Commissioners for Canada) on all traffic moved during the calendar year 1952. (Chap. 79, statutes of 1927, as amended), $9,910,000.

Pensions and other benefits—

494. Amount required to pay pensions at the rate of $300 per annum to former pilots: Arthur Baquet, Adelard Delisle, Raoul Lachance, Jules Lamarre, Wilhelm Langlois, George Larochelle, Auguste Santerre, $2,100.

495. Railway employees' provident fund—to supplement pension allowances under the provision of the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum payment during the period January 1, 1952, to March 31, 1953, the sum of $30 per month instead of $20 as fixed by the said act, $13,350.

Air services—

Telecommunications division—

Airways and airports—radio aviation services—

496. Administration, operation and maintenance, $5,081,429.

497. Construction or acquisition of buildings, works, land and new equipment—capital, $1,750,000.

Radio Act and Regulations—

498. Administration, operation and maintenanace, including contributions as Canada's share of the administrative costs of various international radio, telegraph and telephone conferences, as detailed in the estimates, $1,009,074.

499. Construction or acquisition of buildings, works, land and new equipment, $206,400.

Radio aids to marine navigation—

500. Administration, operation and maintenance, $2,035,699.

501. Construction or acquisition of buildings, works, land and new equipment, $300,000.

Suppression of radio interferences—

502. Administration, operation and maintenance, $408,495.

503. Construction or acquisition of buildings, works, land and new equipment, $31,600.

504. Issue of radio receiving licences (Transport Department only), $769,752.

Telegraph and telephone service—

505. Administration, operation and maintenance, $1,519,852.

506. Construction or acquisition of buildings, works, land and new equipment, $552,000.

Northwest communication system—

507. To provide for the difference between the expenditures for operation and maintenance and revenue accruing from operations during the year ending March 31, 1953, $276,596.

508. Construction or acquisition of buildings, works, land and new equipment—capital, $365,514.

Meteorological division—

509. Administration, operation and maintenance, $6,484,500.

510. Construction or acquisition of buildings, works, land and new equipment, $462,200.

Civil aviation division—

511. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder, $831,861.

Airways and airports—

Operation and maintenance—

512. Civil aviation services, $9,325,320.

513. Airway and airport traffic control, $1,425,396.

Construction services—

514. Administration, $790,837.

515. Construction or acquisition of buildings, works, land and new equipment—capital, $7,517,450.

516. Grants to organizations for the development of civil aviation, in the amounts detailed in the estimates, $330,000.

517. Contributions, subject to the approval of the governor in council, to assist municipalities in the development of and improvement to airports, the sites of which have been provided by such municipalities, $67,000.

518. Contributions, as specified in the details of the estimates, to other governments or international agencies for the operation and maintenance of airports, air navigation and airways facilities, $275,153.

Administrative division—

519. Air services administration, $235,047.

B—General—

Air transport board—

520. Salaries and other expenses, including the Canadian delegation to the international civil aviation organization, $259,746.

Board of Transport Commissioners for Canada—

521. Administration, operation and maintenance, $850,364.

Canadian maritime commission—

522. Administration, $156,510.

523. Steamship subventions for coastal services, as detailed in the estimates, $3,706,625.

Steamship subventions for ocean services—Pacific ocean—

524. Canada, New Zealand and Australia, service between, and if either or both the governments of Australia and of New Zealand should request or authorize the Canadian maritime commission to act on its or their behalf in contracting for this service, the Canadian maritime commission is hereby empowered so to act, $166,667.

National harbours board—

525. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1952 on any or all of the following accounts: (a) retirement of maturing debentures—Saint John, $667,954; (b) reconstruction and capital expenditures—Halifax, $455,150; Saint John, $1,000,000; Quebec, $900,000; generally unforeseen and miscellaneous, $100,000; less amount to be expended from replacement funds $273,500, $2,181,650.

526. To provide for payment to national harbours board, of the amount hereinafter set forth, to be applied in payment of the deficit (exclusive of interest in dominion government advances and depreciation on capital structures) arising in the calendar year 1952, in the operation of the Churchill harbour, $149,978.

Air services—

559. To authorize and provide for a revolving fund for the purchase of materials and supplies to be held in northwest communications system stores for use on both capital and maintenance works, $100,000.

National harbours board—

560. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1952 on any or all of the following accounts:

Reconstruction and capital expenditures—Montreal, $768,075; Vancouver, $845,000; less amount to be expended from replacement funds, $138,700, $1,474,375.

HOUSE OF COMMONS

Monday, May 26, 1952

The house met at three o'clock.

HOUSE OF COMMONS

BASEBALL GAME BETWEEN MEMBERS AND PRESS GALLERY MAY 28

Mr. Daniel McIvor (Fort William): Mr. Speaker, on a question of personal privilege: it has been said the light that shines farthest shines brightest at home. We have heard a good deal about taking care of the home front. On Wednesday of this week there is to be a big game when the press gallery expects to put it all over the house. The game is to be a benefit for the sake of the page boy who broke his leg on Thursday evening. The privilege is that those who do not attend the game can contribute. It would be worth any man's while also to see the Prime Minister (Mr. St. Laurent) on the mound doing his stuff, the Speaker swinging at it, and the hon. member for Peel (Mr. Graydon) trying to stop everything.

REDISTRIBUTION

CONSTITUENCY CHANGES IN MANITOBA—REFERENCE TO REPORT IN WINNIPEG "FREE PRESS"

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege. My point of privilege is based on citation 198 of Beauchesne's third edition:

> Scandalous charges or imputations directed against members of a select committee are equivalent to libellous charges brought against the house itself.

In Saturday's issue of the Winnipeg *Free Press* there appears a story with respect to constituency changes in Manitoba. I read this sentence:

> In drawing the redistribution map the Manitoba chairman said he and his fellow members had worked "on a scientific basis".

The chairman referred to is the hon. member for St. Boniface (Mr. Viau). My point of privilege is that as one of the alleged fellow members of that committee I had nothing whatever to do with the drawing of the map. It was presented to the committee by the chairman. The same newspaper publishes two maps, one of the province as a whole, one of the city of Winnipeg, and says that they are the proposals of the provincial subcommittee. As a member of that subcommittee I protest against this affront. They are only the proposals of the chairman himself.

Mr J. A. Ross (Souris): Mr. Speaker, on a matter of personal privilege, I wish also to refer to these constituency changes in Manitoba, without repeating what the hon. member for Winnipeg North Centre has said. He read the sentence which says that in drawing the redistribution map the Manitoba chairman said he and his fellow members had worked "on a scientific basis". I was a member of that subcommittee for Manitoba. The article also points out that this map is the proposal of the provincial subcommittee on federal redistribution. My matter of privilege is this. At our second subcommittee meeting we were handed a map by the chairman. There were only three of us present, the chairman, the hon. member for Winnipeg North Centre and myself. We were told that this map was final and would be presented to the committee. I had nothing whatever to do with the drawing of this map, and I do not think the hon. member for Winnipeg North Centre had either. We are not parties to the proposal which will be presented to the general committee, so that this article from that point of view is absolutely untrue.

RAILWAYS, CANALS AND TELEGRAPH LINES

Sixth report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch.

WHEAT

INTERNATIONAL AGREEMENT—DECISION OF COUNCIL

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, several days ago, questions were asked about the recent meetings of the international wheat council held in London. The eighth session of the council, which was opened on April 17 to consider an extension of the international wheat agreement, adjourned on May 9.

At the conclusion of the meetings, a short statement was issued by the chairman of the council summarizing the proceedings which should, I think, be placed on the record. I quote:

> The council has carried out a review of the provisions of the agreement and has decided that certain changes in the agreement would be desirable.

On the major question of price, the council concluded that fuller examination was required of some of the factors affecting the maximum and minimum prices to be incorporated in an extended agreement. The council wished to examine further, among other things, whether at stated intervals there should be an automatic variation of maximum and minimum prices based on some index which would reflect changes in the general price level.

The council decided to set up a continuing committee to investigate this question of flexibility and other matters which require to be further explored before the council can reach conclusions upon them. This committee will report to the next regular bi-annual session of the council which will begin on the 1st July next.

Under a provision of the present agreement, the council is under obligation to communicate to the exporting and importing countries, not later than the 31st July, 1952, its recommendations regarding the extension of the agreement beyond the 31st July, 1953, when the present agreement expires. It will therefore be for the council during its regular session in July to make recommendations on this subject. These are expected to be of an interim character and the council's detailed recommendations on amendments to the agreement, including those on maximum and minimum prices, will be for decision when the council resumes its eighth session late in 1952.

That is the end of the official statement by the council. May I add a word or two about the attitude taken by Canada at the meetings:

The Canadian delegation went to London prepared to negotiate a renewal of the agreement. For that purpose, the government appointed five advisers from the principal producer organizations in the prairie provinces to be available for consultations on the spot.

With the unanimous agreement of all the advisers, the Canadian delegation took the position that a substantial increase in prices was justified in a renewed agreement and made proposals along that line. The United States and Australia, the two other principal exporters, also put forward proposals for a substantially higher range of prices.

It soon appeared that there was a wide gap between the respective views of the exporting countries, on the one hand, and those of the importing countries, on the other hand, as to the level of the price range for a renewed agreement. This disparity in views was not altogether surprising considering that a renewed agreement would not come into effect until August, 1953, some fifteen months hence.

At the meeting just concluded, no country indicated that it was not prepared to continue the agreement. It was agreed, as the official statement indicates, that full-scale negotiations should be resumed at a later date, towards the end of the present calendar year, when all parties will have a clearer impression of the conditions which will prevail at the time that a renewed agreement would come into operation.

May I say in conclusion that the government is particularly grateful for the assistance given by the advisers from the farm organizations who, I am glad to say, gave complete support at all times to the views and proposals put forward by the Canadian delegation at the conference.

KOREA

USE OF CANADIAN TROOPS AT KOJE ISLAND PRISONER-OF-WAR CAMP

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I should like to make a statement in regard to reports that Canadian troops have been moved to Koje island, in Korea, to participate in the guarding of communist prisoners of war on that island.

On the afternoon of Thursday, May 22, the chief of the general staff received a telegram from the officer commanding, 25th Canadian infantry brigade, Korea, to the effect that he had received an order from the first (commonwealth) division issued in accordance with a request from the United Nations command to post a company from the brigade to guard duty at the prisoner-of-war camp on Koje island, and that he was accordingly assigning a company from the Royal Canadian Regiment for this duty.

On receipt of this message an inquiry regarding the order was immediately made in Washington. The inquiry confirmed that the order had been given, and that orders had also been given for the posting of units from certain other national forces under the United Nations command to similar duty. It also appeared that the movement of the Canadian troops in question was under way.

The government feels that it is essential that the Canadian policy in respect of the breaking up of the Canadian brigade for miscellaneous duties in Korea should be made clear. A note has accordingly been presented to the state department in Washington.

The following is the text of this note:

The Canadian government recognizes the importance of re-establishing and maintaining effective control over communist prisoners of war captured in Korean operations. The Canadian government also recognizes that custody of prisoners of war is a military responsibility which should be performed in accordance with military requirements.

It has, however, been a long established policy of the Canadian government that Canadian forces dispatched abroad for military operations should remain under Canadian command and control and that, except in the event of a military emergency which does not permit of time for consultation, no part of these forces should be detached therefrom except after consultation and with the agreement of the Canadian government.

The Canadian government therefore views with concern the dispatch of a company of the 25th infantry brigade to Koje island without prior consultation with the Canadian government, and hopes that it may be possible to re-unite this

company with the rest of the Canadian brigade as soon as possible. Meanwhile, the Canadian forces concerned will, of course, carry out loyally the orders of the unified command with respect to participation in guarding prisoners of war on Koje island. The Canadian government also wishes to be reassured that, if it is proposed in the future to detach any Canadian forces from Canadian command and control for military or other duties, this will be done only after consultation and with the consent of the Canadian government, except in the event of a military emergency which does not permit of time for such consultation.

Mr. Stanley Knowles (Winnipeg North Centre): May I ask a question arising out of the statement of the Secretary of State for External Affairs? In view of the part Canadians are playing in connection with the custody of prisoners of war, whether for a temporary or a prolonged period, will Canada have a voice in other matters with reference to prisoners of war, particularly in relation to the truce talks?

Mr. Pearson: I do not wish at this time to add anything to the note I have just read. However, in regard to consultation, I should point out that there are regular meetings in Washington in which Canadian representatives, as well as the representatives of other countries with forces in Korea, participate. In those meetings we are kept generally informed as to the progress or lack of progress of the truce and other negotiations in Korea; and included in those negotiations of course is the question of prisoners of war.

Mr. Knowles: That is, we are informed but not necessarily consulted.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 262, to incorporate Equitable Fire Insurance Company of Canada.—Mr. Cannon.

Bill No. 263, for the relief of Leo Kendall.—Mr. Winkler.

Bill No. 264, for the relief of Tom Barnard Clayton Gould.—Mr. Winkler.

Bill No. 265, for the relief of Helene Laura Solomon Wiseberg.—Mr. Winkler.

Bill No. 266, for the relief of Joan Borland White.—Mr. Winkler.

Bill No. 267, for the relief of John Laurence McDonough.—Mr. Winkler.

Bill No. 268, for the relief of Jean Wiseman Schwartz.—Mr. Winkler.

Bill No. 269, for the relief of Judith Sorel Riven Gainsbury.—Mr. Winkler.

Bill No. 270, for the relief of Agnes Bertha Baugh Guimont.—Mr. Winkler.

Bill No. 271, for the relief of Genevieve Flora Agatha Brown Smith.—Mr. Winkler.

Bill No. 272, for the relief of Marcelle Alice Beliveau Martin.—Mr. Winkler.

Bill No. 273, for the relief of Marcel Despatis.—Mr. Winkler.

Bill No. 274, for the relief of Joseph Wilfrid Ernest Senecal.—Mr. Winkler.

QUESTIONS

GRAIN—DIVERSION TO WESTERN MILLS

Mr. Argue:

1. How many bushels of wheat, oats, barley, flax, were diverted to mills in western Canada in the crop year 1950-51?

2. What was the rate and the amount of the diversion charge?

Mr. McIlraith:

1. As the diverting of wheat, oats and barley to mills and other processors in western Canada is a matter of negotiation, arrangement and settlement between elevator companies and the mills, processors, etc. concerned, the record of such diversions and diversion charges paid are not the subject of accounting by the Canadian wheat board.

2. As pointed out in answer No. 1, diversion charges are a matter of negotiation between the handling companies and the western mills, processors, etc. concerned. In 1950-51 the diversion charges agreed upon between the handling companies and the mills, processors, etc. were as follows:

Wheat—2 cents per bushel on grades No. 1 hard, Nos. 1, 2, 3 and 4 northern, Nos. 1, 2 and 3 C. W. Garnet, No. 1 Alberta Red Winter, Nos. 2 and 3 Alberta Winter, Nos. 1, 2 and 3 C. W. Amber Durum, C. W. White Spring, and 2½ cents per bushel on all other grades; with an additional 1 cent per bushel on wheat grading tough No. 4 northern, and an additional ½ cent per bushel on all other grades of tough wheat, in accordance with arrangements between the companies and the mills.

Oats—3 cents per bushel on all grades in accordance with arrangements between the companies and the mills, and exclusive of quality premiums.

Barley—3 cents per bushel on all grades in accordance with arrangements between the companies and the mills, and exclusive of quality premiums.

Flax—As the Canadian wheat board does not handle flaxseed, it has no knowledge of diversion charges applicable to flaxseed.

For reasons stated in answer No. 1, the board has no knowledge of the total diversion charges paid.

CANADIAN NATIONAL RAILWAYS—STATION BUILDING AT WINDSOR

Mr. Brown (Essex West):

1. Have any instructions been given for the drawing of plans for a new Canadian National station at Windsor, Ontario?

Questions

2. If so, have any such plans been drawn or prepared for a new station at Windsor, Ontario?
3. If not, is it the intention of using any plans already prepared for any other location in the erection of a Canadian National station at Windsor, Ontario?
4. Is it the intention of the Canadian National Railways to build a new station at Windsor, Ontario? If so, when?

Mr. Chevrier:

The Canadian National Railways advise as follows:

1. Yes.

2. General layout plans have been completed.

3. No.

4. Faced with the necessity of making large capital expenditures in a period when key materials and labour are in short supply, the Canadian National Railways have been following the policy of giving precedence to projects designed to achieve economies and improve the efficiency of operation. The desirability of replacing the old station at Windsor will not be lost sight of in future planning of capital expenditures.

H.M.C.S. "MAGNIFICENT"

Mr. Balcom:

1. What expenditures have been made on (a) damage repairs; (b) modernization, improvements or alterations of all kinds to H.M.C.S. *Magnificent*, during the year 1951 and to date in 1952?
2. In what shipyards were such repairs and alterations made?

Mr. Blanchette:

1 and 2.

January 1, 1951, to May 15, 1952. (a) $1,705.00 for damage repairs carried out by Saint John Drydock, Saint John, N.B. (b) $65,289.00 for improvements etc., carried out by Halifax Shipyards Limited and H.M.C. Dockyard, Halifax, N.S.

ARMED FORCES—KOREA—CONVICTIONS AND APPEALS

Mr. Green:

1. How many Canadian soldiers convicted in Korea by court martial have appealed?
2. How long was each such soldier held in custody before trial?
3. What was the result of the appeal in each case?
4. How much time elapsed in each case between the conviction and the delivery of minutes of the court martial to the accused?

Mr. Blanchette:

A. Tried under the Militia Act and the Army Act for offences committed but not disposed of, prior to coming into force of the disciplinary parts of the National Defence Act on September 1, 1951:

1. Four.

2. 149, 158, 152 and 113 days.

[Mr. Brown (Essex West).]

3. (a) One appeal against the legality of the finding was allowed.

(b) One appeal against the severity of the sentence was allowed and the sentence reduced to fifteen years imprisonment and discharge with ignominy.

(c) Two are pending hearing by the court martial appeal board.

4. 132, 141, 142 and 244 days.

B. Tried under the National Defence Act:

1. Two.

2. 84 and 37 days.

3. Both are pending hearing by the court martial appeal board.

4. 47 and 57 days.

EQUIPMENT FOR NATO—CHECKING ON ARRIVAL

Mr. Pearkes:

How were the arms, stores and equipment which were sent from Canada to NATO checked and accounted for on arrival in Europe?

Mr. Blanchette:

Canadian army personnel in conjunction with the shipping agents check by means of ordnance issue vouchers all equipment and stores as they are loaded on the vessel.

Ocean bills of lading are prepared by the shipping agent of company concerned.

One copy each of the ordnance issue vouchers and the ocean bills of lading are retained by the captain of the ship.

One copy of the ordnance issue vouchers and the ocean bills of lading are forwarded to the official representative of the recipient country.

One copy of the ocean bills of lading is retained by army headquarters as a receipt for the equipment and stores shipped.

The recipient country is financially responsible for the movement of the equipment and stores overseas and therefore responsible for its checking and accounting on arrival in Europe.

GRAIN HANDLED BY ELEVATOR COMPANIES 1950-51

Mr. Fair:

How many bushels of wheat, oats, barley, rye and flax were handled by the elevator companies operating in the prairie provinces or operating terminal elevators, during the crop year 1950-51?

Mr. McIlraith:

(a) Primary marketings at country elevators, 1950-51:

Wheat	363,272,769	bushels
Oats	101,123,641	"
Barley	82,769,107	"
Rye	7,398,918	"
Flax	3,034,544	"

Questions

(b) Grain receipts at public, semi-public, private terminal and mill elevators, 1950-51 crop year:

Wheat	307,491,638	bushels
Oats	84,253,723	"
Barley	72,820,146	"
Rye	7,819,814	"
Flax	3,930,082	"

INTERNATIONAL SALMON FISHERIES COMMISSION—EXPENSES AND ALLOWANCES

Mr. Fulford:

What is the total of travelling expenses and living allowances paid each Canadian member of the international salmon fisheries commission since 1937?

Mr. MacNaught:

Fiscal year	Name	Travelling expenses	Living allowances	Total
1937-1938	W. A. Found	339.60		339.60
1938-1939	W. A. Found	123.30		123.30
1939-1940	Nil			
1940-1941	Nil			
1941-1942	T. Reid		75.00	75.00
1942-1943	T. Reid		60.00	60.00
1943-1944	T. Reid		135.00	135.00
1944-1945	T. Reid	42.60	157.50	200.10
1945-1946	T. Reid		277.50	277.50
1946-1947	T. Reid		180.00	180.00
1947-1948	T. Reid	11.00	150.00	161.00
1948-1949	T. Reid	5.04	200.00	
	Olof Hanson	299.31	425.00	929.35
1949-1950	T. Reid		400.00	
	Olof Hanson	39.20	175.00	614.20
1950-1951	T. Reid	74.00	600.00	
	Olof Hanson	468.90	750.00	1,892.90
1951-1952	T. Reid	10.70	275.00	
	Olof Hanson	43.20	350.00	678.90
		1,456.85	4,210.00	5,666.85

Note—(a) The late A. L. Hager, a member of the commission from 1937 to 1948, submitted no accounts for travelling and living expenses incurred in connection with his commission responsibilities.

(b) Expenses of Mr. A. J. Whitmore (1939-) have been charged to departmental votes and it is not possible to segregate items chargeable to the department and to the commission.

RATING OF CIVIL SERVICE EMPLOYEES

Mr. Diefenbaker:

1. Is the civil service commission still continuing to rate civil service employees?
2. Have rating boards been appointed by any of the departments of government?
3. If so, which departments have appointed such rating boards, by whom are the appointments made, and what are the names?
4. Have these rating boards the power to make recommendations for promotion?

Mr. Bradley:

1. Yes.

2. Yes, in cases of promotion.

3. All departments, when promotion is involved. The members of such boards are usually named by the deputy minister of the department concerned. Some two to three thousand of these boards are set up each year, depending on the number of promotions.

4. Yes. Such recommendations are forwarded by the department concerned for the consideration of the civil service commission.

RAILWAYS AND SHIPPING COMMITTEE—FRENCH TRANSLATION OF REPORTS

Mr. Pouliot:

1. On what dates did the sessional committee on railways and shipping sit during the last five years?
2. On what dates was the French translation of each one of the reports available?

He said: This question was answered personally.

Question withdrawn.

Orders for Returns

QUESTIONS PASSED AS ORDERS FOR RETURNS

AGRICULTURAL PRODUCTS—FLOOR PRICES—PAYMENT OF REFUNDS

Mr. Wright:

1. In how many cases have refunds been paid by purchasers of (a) hogs; (b) beef; (c) other farm products, as a result of underpayments on such products under the present floor price legislation?
2. In how many cases have complaints been received of underpayments?
3. What publicity is the government giving to the fact that such refunds may be obtained on application where such underpayments can be proved?

DAMAGE TO P.F.R.A. DAMS IN SASKATCHEWAN

Mr. Argue:

1. What is the name, and the estimated damage to each P.F.R.A. dam in Saskatchewan caused by the spring run-off?
2. What progress is being made in the repairs to each dam?
3. When is it expected that such repairs will be completed?

PENSIONS FOR BLIND PERSONS

Mr. Knowles:

1. How many persons, by provinces, are in receipt of pensions under the provisions of the Blind Persons Act?
2. What is the average monthly payment, by provinces, being made under the provisions of the Blind Persons Act?
3. Are any persons 70 years of age, or over, in receipt of pensions under the provisions of the Blind Persons Act? If so, how many, by provinces?
4. How many blind persons are in receipt of pensions under the provisions of the Old Age Security Act?
5. How many persons in receipt of pensions for blindness under the provisions of the former Old Age Pensions Act, as at December 31, 1951, have been transferred to pensions under the provisions of the Old Age Security Act?
6. Are any benefits or provisions accorded by federal legislation to blind persons under 70 years of age, other than the means test pension, under the provisions of the Blind Persons Act?
7. Are any benefits or provisions accorded by federal legislation to blind persons 70 years of age or over, other than the $40 pension under the provisions of the Old Age Security Act?

OLD AGE ASSISTANCE—PENSION PAYMENTS

Mr. Knowles:

1. How many persons, by provinces, are in receipt of pensions under the provisions of the Old Age Assistance Act?
2. What is the average monthly payment, by provinces, being made under the provisions of the Old Age Assistance Act?

DAMAGE TO IRRIGATION WORKS, FARM LAND AND PROPERTY BELOW P.F.R.A. DAMS IN SASKATCHEWAN

Mr. Argue:

1. What was the estimated damage to irrigation works, farm land, along the water course below each P.F.R.A. dam that was damaged by the spring run-off?

[Mr. Pouliot.]

2. What was the estimated damage to property in (a) Swift Current; (b) Eastend; (c) any other Saskatchewan towns along the water course below each P.F.R.A. dam that was damaged by the spring run-off?

HOG PRICES

Mr. Argue:

1. Were hog prices supported in 1951 by the government being prepared to purchase Wiltshire sides?
2. If so, at what price was the government prepared to buy Wiltshire sides, basis Halifax, Montreal, Toronto, Winnipeg, Saskatoon, Calgary and Vancouver?
3. What floor price for dressed carcasses should such a floor price have established at the same marketing points?
4. On what basis are hog prices presently being supported?
5. What is the present support price for Wiltshire sides at Halifax, Montreal, Toronto, Winnipeg, Saskatoon, Calgary and Vancouver?
6. What price for the dressed hog carcasses should such a floor price establish at the same marketing points?
7. What is the present floor price, if any, at the above points, for hogs grading extra heavy and No. 1 and No. 2 sows?
8. In what form, or by what method, will the government purchase hogs going into the above grades?

FEDERAL GOVERNMENT OFFICES IN SYDNEY, N. S.

Hon. F. G. Bradley (Secretary of State): On April 30 a question asked by the hon. member for Cape Breton South (Mr. Gillis) was answered in part by the Department of Public Works, but the answer was incomplete. May I suggest that the record be amended to have this question stand as an order for return, which I now table.

MOTIONS FOR PAPERS

ARMY STORES INVESTIGATION—MCDONALD, CURRIE AND COMPANY

Mr. Fulton:

For a copy of any and all letters, telegrams, minutes or memoranda exchanged to date, between the Minister of National Defence or the government and Mr. G. S. Currie or the firm of McDonald, Currie and Company, dealing in any way with the investigation by the said Mr. Currie into the irregularities at Petawawa, and any other similar material dealing with or referring to the scope, manner and time of conducting the said investigation, additional to those tabled in the house as sessional paper No. 80A, but not including any initial or interim report except insofar as there may be specific discussion therein of the scope, manner and time of conducting the said investigation.

CANADIAN NATIONAL RAILWAYS—BY-LAWS PASSED IN VIRTUE OF CHAPTER 172 OF THE REVISED STATUTES OF CANADA

Mr. Pouliot:

For a copy of the by-laws passed by the board of directors of the Canadian National Railway

Company in virtue of chapter 172 of the Revised Statutes of Canada, 1927.

—as amended.

Mr. Chevrier: I should like to point out to the hon. member that there are no existing by-laws of the Canadian National Railways which were passed by virtue of chapter 172 of the Revised Statutes of Canada, 1927. There were by-laws passed many years ago having to do with the appointment of an executive committee of the board of directors during the presidency of Sir Henry Thornton, but those have long since been cancelled. If the hon. member wants those by-laws they are available; otherwise there would be no return under this order.

Mr. Pouliot: I would be grateful to the minister if he would let me have them for a start.

Motion agreed to.

EMERGENCY POWERS ACT

CONTINUANCE IN FORCE OF SECTIONS ONE TO THREE UNTIL MAY 30, 1953

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

That, whereas section four of the Emergency Powers Act, being chapter five of the statutes of 1951 (first session), provides that sections one to three of that act expire on the thirty-first day of May, one thousand nine hundred and fifty-two, provided that if at any time while they are in force addresses are presented to the governor general by the Senate and House of Commons, respectively, praying that they should be continued in force for a further period, not exceeding one year from the time at which they would otherwise expire, and the governor in council so orders, they shall continue in force for that further period.

And whereas it is desirable to continue the said sections in force up to and including the thirtieth day of May, one thousand nine hundred and fifty-three.

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

To His Excellency the Right Honourable Vincent Massey, Member of the Order of the Companions of Honour, Governor General, and Commander-in-Chief of Canada:

May it please Your Excellency:

We, Her Majesty's most dutiful and loyal subjects, the House of Commons of Canada, in parliament assembled, respectfully approach Your Excellency praying that sections one to three of the Emergency Powers Act be continued in force up to and including the thirtieth day of May, one thousand nine hundred and fifty-three.

He said: Mr. Speaker, the purpose of this resolution is to have parliament consider whether or not the special responsibility put upon the government to deal with possible emergencies which might arise because of the threatening world situation should be continued beyond the initial period provided for in the Emergency Powers Act, being chapter 5 of the statutes of 1951. The preamble of chapter 5 of the statutes of 1951 contains the following recitals:

Whereas an international emergency exists that threatens the security of Canada;

And whereas it is essential that emergency powers be conferred to enable measures to be taken as urgently required from time to time to carry out adequate defence preparations, to regulate the economy of Canada to meet the needs of defence and to stabilize the economy and to safeguard it from disruption that may result from defence preparation in Canada or from emergency measures taken in other countries, in order that defence preparations may not be impeded;

And whereas it is preferable that the necessary emergency powers be exercised under special authority from parliament rather than that the War Measures Act be brought into force so long as present efforts to avert war are continuing and, moreover, it is not desirable that the wide powers conferred by that act to interfere with the fundamental liberties of the individual should now be brought into operation:

Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

The powers which it was made the responsibility of the government to exercise if and when necessary were expressed in section 2, subsections 1 and 2, which I think we should have on the record at this time. Section 2, subsection 1, is in the following terms:

2. (1) The governor in council may do and authorize such acts and things, and make from time to time such orders and regulations, as he may by reason of the existing international emergency deem necessary or advisable for the security, defence, peace, order and welfare of Canada; and for greater certainty, but not so as to restrict the generality of the foregoing terms, it is hereby declared that the powers of the governor in council shall extend to all matters coming within the classes of subjects hereinafter enumerated, that is to say:

(a) control and suppression of maps, plans and photographs;

(b) control of communications and means of communication;

(c) control of the harbours, ports and territorial waters of Canada; and the movements of vessels;

(d) transportation by land, air or water and the control of the transport of persons and things;

(e) trading, exportation, importation, production and manufacture; and

(f) imposition and recovery, in connection with any scheme of control, of fees or charges payable to the Receiver General of Canada or into any fund or account established by order or regulation for the purposes of the scheme of control.

Subsection 2 qualified these powers in the following way:

(2) Notwithstanding anything contained therein, the powers conferred on the governor in council by subsection one do not include power to make orders or regulations in relation to

(a) arrest, except as incidental to proceedings under section three; detention, exclusion or deportation of any person;

(b) censorship or the control and suppression of publications and writings; or

(c) expenditure of moneys otherwise than in accordance with an appropriation by parliament except expenditure of moneys from any fund or

account established by order or regulation in connection with a scheme of control for the purposes of that scheme of control.

Subsection 4 of the same section provided that any order or regulation made under the act would be tabled within five days from the date thereof if parliament was then in session, or within five days from the opening of parliament if it were not in session at the time. Subsection 5 provided that any order might be annulled by resolution of the Senate and the House of Commons within forty days from the tabling thereof. It will be remembered that an undertaking was given by the government that if there was any desire to propose such a motion an opportunity would be provided for its being dealt with expeditiously. Section 4 of the act provided that it would expire on the 31st of May but might be extended for a further period of not more than twelve months on resolution of the two houses of parliament. The resolution you have just read, Mr. Speaker, provides parliament with an opportunity to determine whether or not it should be so extended.

When the act was passed I think most members will recall that some were inclined to look upon it as a provision whereby the government was taking from parliament the right to exercise powers which normally belonged to parliament. In reality the purpose was to increase the responsibility of the government, subject to the control of parliament, to meet such emergencies as it might suddenly become necessary to deal with in order to preserve the peace, order and good government of the country in the then threatening international situation. It was not that the government wanted greater powers. It was passed because it was deemed to be a wise precaution to make it the responsibility of the government to act quickly if and when prompt action might be necessary, and to be able to take such action without proclaiming the more sweeping War Measures Act unless it became absolutely necessary to put that act into operation.

Fortunately for the people of Canada as well as for the government, since the Emergency Powers Act came into force it has not been necessary to have recourse to its provisions very often. In all, nineteen orders have been made under it. Five of these orders have to do with the great lakes seamen's security regulations. They are P.C. 1439 of March 22, 1951, P.C. 2101 of April 26, 1951, P.C. 2847 of June 4, 1951, P.C. 3855 of July 24, 1951, and P.C. 2306 of May 2, 1952. All these orders of course have the same aim and purpose. The reason why there have been five is that modifications have been made from time to time as experience showed that the existing order might cause some inconveniences in the trade which were not really necessary from the point of view of the security purposes envisaged by the regulations.

The Department of Labour and the Department of Transport have been in constant touch with ship owners operating on the great lakes and with the labour unions representing the men working the ships. These interested parties have from time to time recommended modifications. These have been considered by our security officials, and in many instances it has been felt that the representations could be recommended for modifications without imperilling the purpose for which the regulations were made.

As to the other fourteen orders, three have to do with the establishment of priorities control and the appointment of controllers. The orders are P.C. 2399 of May 16, 1951, P.C. 2621 of May 24, 1951, and P.C. 5645 of October 22, 1951. The first one created the order with respect to controls. The other two had to do with the appointment of officials to exercise the powers directed to be exercised by the regulations.

Then there were two orders, P.C. 4535 and P.C. 4558 of August 29, 1951, having to do with transport control and the appointment of a transport controller. It will be remembered that was done to facilitate the distribution of the required freight cars throughout the prairie provinces in order to move more expeditiously the grain that was destined for export.

There was also P.C. 1234 of March 3, 1952, made to control the export and import of cattle and meat products to and from the United States consequent upon the embargo resulting from United States laws when it was ascertained that foot-and-mouth disease had broken out in Canada. This order could probably have been made solely under the Export and Import Permits Act, but reference was made as well to the Emergency Powers Act so as to make it perfectly sure that the validity of the order could not be successfully challenged.

Then there was a security order, P.C. 3486 of July 4, 1951, which was exempted from publication for the reasons which I explained in the house on October 24 last in answer to a question from the hon. member for Winnipeg North Centre (Mr. Knowles). Interested members may find this explanation with respect to that order in *Hansard* on page 342.

Mr. Knowles: Is that the only one that was exempted from publication?

Mr. St. Laurent: That is the only one that was exempted from publication. I had a

word with the leaders of the various groups in the house in order to explain the general purpose of the order and the reasons why it was desirable that it should not be published. There was one other order made, P.C. 3484, of August 8, 1951, concerning the operation by agencies of the United States government and the United States defence forces of radio stations in Canada in connection with our joint arrangements for effective protection of the North American continent.

Another one of very small importance but which it was found very convenient to be able to make was P.C. 6598 of December 6, 1951, exempting from customs duties personal gifts of a value not exceeding $25 from members of the Canadian forces serving abroad and addressed to relatives or friends in Canada.

Those orders are still in force, and with the exception of the one dealing with the exportation and importation of livestock and meats, depend for their validity upon the Emergency Powers Act. That one might probably be sustained under the provisions of the Export and Import Permits Act.

There were five other orders which were passed under the Emergency Powers Act to put into effect at once provisions that it was intended to have enacted in a permanent form by legislation at the first convenient opportunity. They are as follows: P.C. 2932 of June 7, 1951, extending the provisions of the Defence Services Pension Act to members of the regular forces granted temporary commissions; and P.C. 3417 of July 4, 1951, concerning the disposition of offences committed prior to the coming into force of the code of service discipline. Both these orders have since been replaced by legislation included in the statute adopted under the title of the Canadian Forces Act, 1951. On July 31, 1951, there was an order made, P.C. 3415, concerning the agricultural products board which has since been established in legislative form by the Agricultural Products Board Act. On April 4, 1951, there was an order made, P.C. 1608, which it was hoped to replace by legislation before this time. It was to substitute other metals for nickel, because of the scarcity of nickel, in the Canadian five-cent piece. That is being covered by a proposal included in a bill to be introduced at this session concerning the currency and exchange fund acts.

On September 26, 1951, P.C. 5122 was made operative postponing the weigh-over of grain required by the Canada Grain Act. That was intended to be covered by legislation and there is a section to that effect in the Canada Grain Act amendment now before parliament.

Those are the nineteen orders that were made under these emergency powers. Hon. members will recognize the fact that no one of them has been challenged as improper by any member of parliament; and I think this list shows how fortunate we have been during that period in not having to deal with any more serious or troublesome emergencies than those to which the orders refer. It also shows how careful the government has been not to exercise the power to do anything not urgently required for the peace, order and good government of the country.

That has been a fortunate situation since the statute came into force, but the factual international situation set out in the preamble to this statute is much the same today as it was when that statute was adopted. When we are appropriating billions of dollars to meet the dangers of that international situation, we are doing it not because we expect to have our forces engaged in actual warfare but as a deterrent and so that they might be ready should the deterring purpose not be realized. We have thought that, while we are doing that, it is desirable that there be ready for use, if required, some extraordinary powers, though we sincerely hope that they may not have to be used. However, that is a matter for the houses of parliament to decide. It means placing continuing additional responsibility on the government.

I feel it is the government's duty to recommend to parliament that the provisions of this act be continued in existence for a further period of twelve months, giving all the same undertakings that were given when it was originally enacted as to making opportunity for bringing to a decision any resolution or vote designed to set aside any regulation that might be made. Under the present international situation I think it would be taking undesirably some risk in not having an instrument capable of being used expeditiously if conditions developed that required it to be used.

I trust that the experience of the last fourteen months—it is fourteen months now since the act was passed—will satisfy the uneasiness any hon. member might have felt at the possible danger of its being in the power of the government to discharge responsibility to meet an emergent situation rapidly. I can assure hon. members that there is no desire by the government to have extraordinary powers; but we feel that we would not be fulfilling our duties if, as the government, we did not recommend to parliament the desirability of having those extraordinary powers in reserve at a time when we still feel that the international situation requires the appropriating of these large sums of money to build

up defence forces to meet what might arise, although we sincerely hope—and I think with some confidence after these many months—that it will not arise. I therefore recommend for the serious consideration of hon. members the question as to whether or not these powers should remain available for another period of twelve months.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in support of the motion the Prime Minister (Mr. St. Laurent) has laid before the house the general provisions of the act itself and has indicated his own belief that the wording of the motion is one which should be accepted by hon. members of this house. The words of the motion which really raise a question for the consideration of all hon. members are as follows:

> . . . it is desirable to continue the said sections in force up to and including the thirtieth day of May, one thousand nine hundred and fifty-three.

The question before this house, Mr. Speaker, is whether it is appropriate for the representatives of the people, who were sent here to do the business of the people, to delegate their authority to the government, no matter what assurances the government may give as to its intentions to employ the terms of that act. This is not something that can be disposed of simply by a statement that the act has been in force for a year, and that it has only been used on eighteen occasions to pass laws by way of order in council. I submit that what should be considered by hon. members on both sides of the house is what the effect of this act is, and whether under any conditions which now exist the members are justified in delegating to the executive practically all of their responsibilities, subject only to the restraint that the government may exercise in employing the powers given by such an act.

The Prime Minister (Mr. St. Laurent) has said in effect, and I do not quote his exact words, that the purpose of this resolution is to determine whether the government should have the emergency powers to deal with situations which might arise in this uncertain world in which we are now living. I believe the question which should be determined by the members is a much more fundamental question than that. The Prime Minister has said that the government has no desire to possess extraordinary powers. He has given the assurance that it is not the intention of the government to employ these powers in any manner that would derogate from the authority of parliament. He has pointed out also that there are provisions for the tabling of orders in council, and that assurance has been given that if it were desired to present a substantive motion for the purpose of having the house consider any order in council the government would be ready to expedite the hearing of that motion.

I am not questioning the desire of the Prime Minister to interpret what might be in his mind in regard to the employment of an act of this kind. I can only repeat that it is the duty of every one of us to examine this act and say to ourselves, is the power conferred by this act a power which should be conferred upon any government in a time of general peace? Is this an act which should be passed by a parliament which is still able to maintain ordinary contact with those people whom it represents? Is this an act that should be passed at a time when there is no dislocation in our communications, and no threat of any dislocation in our communications? Is it an act which should be passed at a time when we realize that no matter what grave threats may impend, and no matter how very real the struggle may be for those who are now engaged in Korea, the life of our people is one which has the general appearance of peace? Those are the questions which should be in our minds. It is no answer to say, as some hon. members are inclined to say, that they have complete confidence in the government.

The question is whether this is an act which should be passed, no matter what government may be in power. It is that test which should be applied to any legislation which receives the approval of this house. The Prime Minister has spoken of the fact that the government has been careful not to employ the powers of this act too frequently or too extensively. I would point out that a number of the powers which have been exercised are powers which could have been exercised quite conveniently in another way. It seems to me that the very fact that some of those things have been done demonstrates how readily any government falls into the habit of a more convenient procedure which does not call for debate in the House of Commons.

As has been explained, several of the orders in council relate to the great lakes seamen's security regulations. As I understand it, the effect of these regulations was largely designed to provide a method by which communist activities amongst great lakes seamen might be dealt with. They were designed to provide a method for screening those who might have communist sympathies. At this point no one in the house will forget the number of occasions upon which I have sought amendments to the Criminal Code, so that in the form of clear and definitive law there might be a provision which would make it possible to deal with communists here in

Canada. I do not believe that communist activities, which are designed and intended to undermine the strength of the state at a time when we are spending so much money and putting forward so much human effort to prevent communist aggression, should be permitted in this country. I have made it clear on every occasion that I have raised this subject that I do not think there should be arbitrary action in regard to communists. I believe in the rule of law. I believe we should define the offence. Unless the government is able to define the offence, then it should not be passing orders in council which relate to that offence which they say they cannot define. If there is some offence which can be described as communist activity or a specific activity of that nature, then it is either definable or it is not. If it is definable, the offence should be clearly stated in the Criminal Code. If it is not definable, then it should not be the subject of arbitrary provisions adopted behind closed doors.

I find that there was an order in council passed to deal with the five-cent piece. This was not a case where the famous quotation could be used, "not a five-cent piece". This was one case where the five-cent piece was regarded as being of sufficient importance for the government to deal with it, and they dealt with it by this order in council under the act because it was convenient to deal with it in that way. The question arises as to why this was not dealt with by an amendment to the Currency Act. The date indicates the reason this government conveniently dealt with it in that way. That order was passed on April 4, 1951. The house was sitting at that time. An amendment to the Currency Act could very conveniently have been introduced in this house and the members of parliament could have dealt with it in the ordinary way.

Then also there was an order passed on March 3, dealing with the importation of cattle and animal feed into Canada from the United States. True, it may have been convenient to pass this by order in council, but again may I point out that the house was sitting. Just a few days before we had been asked to deal expeditiously with a measure which was related to this subject. It was an act to provide compensation for those whose animals were destroyed as a result of the outbreak of foot-and-mouth disease. The house by unanimous consent set aside other business and proceeded to deal with this measure. It would have been quite as easy to have dealt with that measure in the house. If it had been dealt with, it probably would have been suggested that this subject be given more consideration than was given to it at the time. It might have been suggested that the use of this measure, which looked a little like retaliation, was not exactly the way to gain the good will of our friends in the United States at a time when we had every reason to seek their good will to solve some of our unfortunate difficulties.

As one goes through these orders in council one finds that most of them do deal with matters that could very much better have been dealt with by amendments to existing legislation. In fact, it would seem that every one of them, except the one which provided for secrecy, in regard to certain orders in council, could best have been passed in that way. When I say except that order I do not mean that that order could not have been placed before the house. I think that is the very kind of order that should have called for an act of this parliament. If any order in council is not going to be published, is not going to be communicated to the members of parliament or to the public, then most assuredly the circumstances under which that power is to be exercised by the government should be stated in the clearest terms, and only in the most express wording should this parliament confer such extraordinary powers upon this or any other government.

Having dealt with the kind of orders in council that were passed, may I point out that when the Prime Minister speaks of the protection that is available by virtue of the fact that the orders in council, except those cloaked with secrecy, and the special order I have mentioned, should be tabled in this house, and that the government would entertain a motion to discharge any of those orders if such a motion were presented, the possibility of such a motion offers very little real opportunity to deal with this question. I can think of very few cases where the government would not immediately say: This is a challenge to the government; this must be dealt with as a want of confidence motion. And it would be a want of confidence motion; it would be a motion which declared that the house did not have confidence that the government had properly exercised its authority. The history of the voting of hon. members during the life of the present parliament is not such as to suggest that, from the practical as opposed to the theoretical point of view, the opportunities provided by the possibility of such a motion have any real value to hon. members.

True, we learn about these orders in council in due course. True, the orders in council, except the one providing for secrecy, do not appear to have dealt with subjects of major importance, unless perhaps in so far as the order in council in regard to the importation of animals and feed products from the United

States may be regarded as important. But I think we should examine the attitude of this government in regard to orders in council generally before dismissing too lightly the possibility that anything might occur in regard to which there would not be general approval in this house.

Even if under this act up to this point there may not be substantial grounds for objection, I would like to point out the attitude of this government in regard to the exercise of some of its powers by order in council. It will be recalled by all hon. members that at the time the question was raised about the possibility of General Kurt Meyer's release during the session of this house last fall, the government dismissed in rather peremptory manner any suggestion that there might be concern that General Kurt Meyer, who had been whisked so surprisingly away from Canada back to his homeland, might in fact be released at any time by the Canadian government without this house knowing about it.

Now, while this was done under another act, I must confess that I for one found a great deal more importance attached to the fact that the order in council had been passed which released Wilhelm Ossenbach than I did to the actual fact that this man had been released, because at the very time that we were raising the question about the possibility of Kurt Meyer's being released, another German prisoner, who had been sentenced to fifteen years in prison in connection with the shooting of a Canadian prisoner of war, had been released by order in council as of October 3 last. That order in council was not tabled until November. By that time Wilhelm Ossenbach had been at large for more than a month. There may have been reasons why this was done, but the question does arise as to exactly what the difference in principle would be in the case of Wilhelm Ossenbach and in the case of Kurt Meyer, except that Kurt Meyer had been brought over to Canada. The only reason that Kurt Meyer happened to be brought to Canada was that he had been found guilty and sentenced to death. It was because of the commutation of the sentence that he was brought back to Canada under rather unusual circumstances. Then, as hon. members will recall, he left Canada under equally unusual circumstances, and the next we heard of him was that he was in the bosom of his family back in Germany. By the time that hon. members knew anything about it, it was so much a matter that had already been done that the possibility of undoing it was indeed very remote.

Then again, to refer to something that hon. members seem to think has been mentioned so often that we do not want to hear about it again, may I refer to something that does need to be cleared up, and that has not yet been cleared up, but which again illustrates the manner in which the government does employ its powers by order in council. I refer to the fact that this government by order in council, under an act other than the one now before us, saw fit to permit communists to man and operate ships, and to continue to man and operate ships, under the Canadian flag. The company to which that privilege was granted was a Canadian company incorporated for the one purpose of giving Canadian identity to those who hold nominal ownership of the ships built in Canada for the Ming Sung company. That Canadian corporate ownership was provided because the head office of the company was in communist China, where it still operates.

It has been said that it was not desirable to withdraw the right to Canadian registry of these ships under the control of a communist company operating in waters where they might well be carrying contraband that would be used against Canadian armed men. The explanation given was that an attempt was being made to recover the money which had been advanced very generously by the Canadian government to make these ships available for the Ming Sung company. So far as we know, those ships, now entirely under communist control, are still flying the Canadian flag. So far as we have been informed, this government has not yet seen fit to restore the dignity of the Canadian flag in those waters by taking the very simple steps available to it of repudiating and rescinding this most unusual favour accorded to a company operating in that area.

I mention these orders in council because what happened in those two cases—and a number of other illustrations could be given to show what has occurred in other respects—do not suggest that the House of Commons should be too ready or too willing to extend blanket powers to this government on the basis of its actual record in dealing with public business by orders in council in some other cases.

I hope hon. members will consider this matter from the point of view of the atmosphere in which the measure was presented originally and the atmosphere in which we are considering the resolution now before the house. At the time the measure was originally presented conditions were very different from what they are today. As I recall it, the United Nations forces had just liberated Seoul

after a very threatening communist sweep through Korea. Enemy resistance along the 38th parallel was building up. There was every reason to believe that a great offensive against our forces was under way. The whole atmosphere was entirely different from what it is today.

At that time we did oppose the adoption of these wide and unrestrained powers. At that time we did point out the danger of dealing with the subject in this way rather than by giving specific powers in certain specific fields. We did raise those objections, however, remembering what the Prime Minister and the Minister of Defence Production (Mr. Howe) had said at that time when setting out the reasons why it was important to have such a measure adopted. On February 1 last year, as reported at page 29 of *Hansard*, the Prime Minister indicated that a bill of this kind would be introduced. These are his words as they appear in *Hansard* of that date:

> We will seek, by the legislation forecast in the speech from the throne, to secure powers additional to those the governor in council already has. By proclaiming the War Measures Act on the ground of apprehended war we could have all those powers, but we prefer to leave it to parliament to say whether there is a sufficient emergency to justify a departure from regular constitutional procedure and the regular constitutional distribution of powers between the federal and provincial authorities.

The Prime Minister clearly indicated something about which I have expressed concern on a number of occasions. He expressed concern about departure from regular constitutional procedure and the regular constitutional distribution of powers between federal and provincial authorities. From the Prime Minister's own words there can be no doubt whatever that the measure now before us does depart from the normal constitutional distribution of power between the federal and provincial authorities, and that it does constitute a departure from regular constitutional procedure.

In saying that, there is of course the reservation that it constitutes a departure only to the extent that the government may exercise the powers conferred upon it. Nevertheless, in the words of the Prime Minister himself, it is perfectly clear that this measure does give to the government powers to disregard the constitutional division of responsibility and authority between federal and provincial governments as laid down originally in the British North America Act.

There were other reasons given for the introduction of the measure. As reported at page 185 of *Hansard* for February 8, 1951, the Minister of Defence Production said this:

> In closing, I would like to say a few words about price control. The speech from the throne indicates the intention of the government to introduce a bill which will, if approved, confer upon the executive powers to impose price controls and other related controls for the purpose of maintaining economic stability.
>
> These broad powers are being introduced to the end that the government will be in a position to take whatever action appears to be necessary from time to time.
>
> Introduction of this legislation does not mean that the present intention is to impose over-all price and wage controls, although there is always the possibility that events will develop in such a way that general price and wage ceilings are appropriate and workable.

While it is true that the Minister of Defence Production indicated that it was not then the intention to introduce price controls, he clearly stated that one of the purposes of the introduction of this measure was so that they might be in a position to take such further steps by way of controls as would become necessary under the emergency.

Since that time events have taken a course which rightly or wrongly the government has interpreted as justifying the removal of certain controls which they did introduce. As an example, when the Minister of Finance (Mr. Abbott) announced that the credit restrictions were being removed it was with the assurance that there had been such a return to normal conditions that he was justified in following that course. Moreover, at the time that other restrictions were removed the same explanation was given. The whole attitude of this government has been that in recent months there has been an improvement in the situation which makes it possible to relax controls. That being so, there certainly is not the pressure for the almost unrestrained powers that there was at that time.

I would place before members of this house principles which it seems to me are challenged by this legislation to an extent that did not seem necessary elsewhere under the very uncertain conditions then existing. I wish to emphasize the dangers that are inherent in legislation of this nature, dangers which have been examined by the most competent constitutional authorities and which have also been indicated by responsible writers in the press of this country as well as certain members of parliament on both sides of the house.

Most hon. members have read a book written some years ago which I think bears careful rereading today. I refer to "The New Despotism" by the late Lord Hewart of Bury. In that famous book he examined the danger of legislation by order in council as distinguished from laws passed by the

representatives of the people. He pointed out that with the change that had taken place over the years certain administrative laws had become necessary to deal with the fast-moving and increasingly complex society in which we now live. He then made this further significant comment, and I quote from page 21 of that book:

"With us," as Professor Dicey says, "every official, from the Prime Minister down to a constable or a collector of taxes, is under the same responsibility for every act done without legal justification as any other citizen. The reports abound with cases in which officials have been brought before the courts, and made, in their personal capacity, liable to punishment, or to the payment of damages, for acts done in their official character but in excess of their lawful authority. A colonial governor, a secretary of state, a military officer, and all subordinates, though carrying out the commands of their official superiors, are as responsible for any act which the law does not authorize as is any private and unofficial person."

It may well be said by someone who is mentally at this moment justifying the introduction of this, "But are you aware that this act is an act which was passed by parliament and that what Lord Hewart was referring to at that point was the responsibility of everyone from the Prime Minister down to be answerable under the law?" My point is that the protection of the citizen described by Lord Hewart in those words is denied by the adoption of laws of this kind. It is only when clearly stated laws exist that the citizen has any protection against the Prime Minister or officials or others who may do things that may be contrary to his best interests. If we believe in the rule of law as opposed to the rule of dictate then we must be concerned with any measure which removes from the citizen those rights against anyone in authority which were so clearly described by Lord Hewart as being the very foundation of our free democracy.

I go on to further quotations from Lord Hewart where he deals with the dangers of legislation of this kind. He pointed out in his book that in Great Britain there had been those who justified the extension of administrative law by comparing the administrative law in Great Britain with the droit administratif of France. But Lord Hewart went on to point out that the administrative law of France was something entirely different. He pointed out that under the different system which accepted that kind of law as a matter of tradition, nevertheless they had placed safeguards over the employment of laws of that kind which were not provided in Great Britain or any other corresponding parliamentary jurisdiction where administrative law was adopted.

He pointed out that the administrative law of France was placed under a tribunal of the highest standing which reviewed those laws from time to time impartially and without any relation to the political complexion of those who had passed the law. Then he went on to say that in so far as these laws were concerned it was not enough to find out who were the individuals who were passing the law and then feel some measure of confidence that the men then responsible would not abuse them. He pointed out that laws that are passed should be regarded from the impersonal point of view. They should be examined as laws that might be administered by any government, and at no time should anyone seek to hide the dangers of administrative law by virtue of the fact that the men then exercising that power might be men who commanded general confidence.

The interesting thing, however, is that when Lord Hewart wrote about this subject some years ago he was merely dealing with administrative laws passed under acts which most clearly set out the subject matter that would be dealt with by the government. Having regard to the strength of his language in condemning administrative laws which supplant the rights of parliament, one can only guess that even Lord Hewart of Bury, with a tradition of carefully chosen words, would have written in a most explosive manner about an act which places practically all powers in the hands of the government subject only to their own idea as to the reservations that they might make upon the exercise of their powers.

Nor has it been only at Westminster that those charged with responsibility have warned of these dangers. In this house the present member for Quebec South (Mr. Power) has discussed this matter on different occasions. I find that he discussed it on one occasion on March 21, 1946, as found at page 169 of *Hansard*. The hon. member for Quebec South, who I believe is the dean of the House of Commons, and who has demonstrated a deep and profound knowledge of the constitutional background of our proceedings, was dealing with this very subject of administrative law and emergency powers which confer sweeping authority of that kind. He pointed out that in his opinion neither the then prime minister nor the then minister of justice would in himself be likely to seriously abuse powers that might be conferred in that way. Since the hon. member for Quebec South has so often spoken on behalf of what he believes to be the real principles of the Liberal party, may I recall what he said on that occasion after stating very clearly that he did not think that the prime minister of that time or the minister of justice of that time, who is now the Prime Minister (Mr. St. Laurent), would

himself contemplate any abuses. In spite of that statement of his own conviction this is what he said, as found at page 171 of *Hansard:*

> But may I point out that neither of these men has any guarantee of immortality. Neither is there any guarantee in our political life that the political wheel of fortune may not some day turn. And the numbers brought up on that political wheel of fortune may not always be the numbers of men in whom this country has the same faith and confidence as it has in the men who are now at the helm of affairs.

Then he went on to outline the dangers inherent in legislation of this kind, dangers that could not be dismissed by expressing confidence in the individuals who would be charged with the responsibility of administering legislation of this nature that might be adopted. Then he used these words, to be found at page 172 of *Hansard* for March 21, 1946:

> We have fought a victorious war after four years. We have talked glibly of the new order which was to follow it, and it almost appears to me as though we the victors had taken on the manners and customs of the vanquished.

These words were not spoken by any member on this side of the house. They were spoken by one who had been a member of the government during the years of the war. He was referring only to the employment of similar powers, but at a time when stronger arguments for the employment of such powers could have been put forward he said that it almost seemed to him as though we the victors were taking on the manners and the customs of the vanquished. Moreover, the same member for Quebec South had this to say in an article published in the Winnipeg *Free Press* of May 22, 1948:

> When it is made clear that special extraordinary powers are absolutely necessary in order to deal with certain contingencies, let parliament delegate these powers, but only to the minister who shall be specifically mentioned in the legislation, and who shall be answerable to parliament for the exercise thereof. Moreover, the special authority conferred should be for specific purposes and the objects clearly stated in the legislation. The authority itself should be limited in extent to that which is required for the specific purposes—no omnibus clauses with a little more for good measure "in case they were needed." Finally, this authority granted to the minister should be limited as to time and the law itself reenacted at each session of parliament if the contingency continues to exist.

May I point out that this hon. member, who was a member of the government and served in a very responsible post during the war years, touches two vital points with regard to the adoption of any legislation of this kind now or on any other occasion. First, it should only confer powers upon a specific minister in relation to a specific subject. Second, that power should be clearly defined, the objects for which the legislation is presented should be clearly stated, and the circumstances under which the minister can employ such power with the support of the government should be described in the clearest and most limited terms.

I submit that the hon. member for Quebec South has stated a proposition that should receive the support of every hon. member in the house. Nor has the argument been confined to members in the house. I want to quote some of the things that have been said by others outside the house because I regard the principle now under consideration as one of fundamental importance, and one which perhaps did not receive as complete and vigorous attention as it deserved last year. Actually, in the hands of those who were prepared to abuse such power, this bill could mean the end of parliament itself, nothing less. It could provide someone with the opportunity to repeat the famous speech of Cromwell when he wound up the parliament of Britain. There is no use saying that no hon. member in the house would think of doing that.

Hon. members of this house have seen some strange things done. They have seen some remarkable examples of government reluctance to produce information, and they have seen some rather remarkable orders in council passed under other legislation. But whether or not there were a single example that should put this house on guard when they are asked to extend this power at this time, may I remind the members of this house that not only have we the arguments and the advice of a man like Lord Hewart of Bury, not only have we the advice of a man who has served as a member of this House of Commons and who has the longest experience in parliamentary procedure of any member now in this house, but we also have the expression of opinion of responsible individuals and members of the press outside.

At a time when this matter was under consideration last year Toronto *Saturday Night*, for instance, had this to say in regard to this very act which was passed then at a time when there was a much greater atmosphere of emergency and urgency than is apparent in any action of the government at this time. I quote from what appeared on March 20, 1951 in *Saturday Night*:

> It is good that Canadians should wish their government to have all the powers it needs to ensure our making a fair contribution to the western alliance. But it is disquieting that the public should appear so little concerned about the ultimate right of parliament to have knowledge of, to enquire into, to criticize, and if necessary, to overrule any use that the government may make of these extraordinary powers.

Then after further discussion of this measure in an objective manner the Toronto *Saturday Night* has this to say:

> Mr. St. Laurent, Mr. Garson and the other legal talent on the government side have shown an

alarming failure to realize that the consciousness of their own good intentions is not an adequate safeguard for the liberties of the people of Canada.

Then in the Calgary *Herald* of March 1, 1951, I find this statement:

We are not suggesting that the present government in Ottawa has any intention of using these emergency powers in the same way.

It was referring there to the way in which the German Reichstag took over emergency powers after it had been elected under a democratic procedure. The Calgary *Herald* continues:

But the democratic process, and still more the freedoms which that process enshrines, is a more delicate plant than we generally realize; and freedoms once surrendered are singularly hard to win back.

Then after further discussion of this subject it goes on:

But the chief criticism of the emergency powers bill is that it is altogether too general. It pretends to be specific while in fact it is nothing of the kind. It seems to us that if the government wants emergency powers in certain fields, then the necessary legislation ought to define those fields with absolute precision, the government ought to state in writing exactly what powers it proposes to use and how it proposes to use them, and if the government needs wider powers later on, then it should have to come back to parliament and get them by due process.

Mr. Speaker, in terms that are clear and understandable, the Calgary *Herald* was saying exactly the same thing as was said by the hon. member for Quebec South (Mr. Power).

Then there was another paper which was discussing this subject at the same time. I quote from the Montreal *Gazette* of March 5, 1951:

An emergency is a proper time for wide powers in the hands of the government. But it is also a proper time for wide powers in the hands of the courts. The present bill at Ottawa has the dangerous feature of establishing power at the expense of the courts.

The time when our liberties must be defended seems a poor time in which to undermine their essential guarantees.

Mr. Speaker, those were statements by responsible publications of different points of view and from different parts of Canada. Then I perhaps might properly quote the words used in a discussion which took place at the annual meeting of the advisory council of the National Liberal Federation of Canada in Ottawa on Tuesday, February 27, of last year. At that time Professor J. A. Corry, who is professor of political science at Queen's university, was discussing this very subject, and I quote briefly from what he had to say:

The discretionary powers exercised by our government nowadays in time of peace are wide enough to cause concern. The practical certainty of cold war, if not actual shooting war, for an indefinite period means a still further substantial increase in the powers of the dominion government. What is our answer to Abraham Lincoln's question: Is a government which is strong enough to deal with serious crises not also going to be too strong for the liberties of its citizens?

Then Professor Corry went on to say much the same as has been said by some of the others to whom I have referred, to the effect that confidence in individuals is not in itself enough. He went on to say this:

If, as seems likely, we are to have a considerable measure of order in council government again, we should also be considering seriously the establishment of one or more committees of parliament to examine, not the substance and policy of the orders in council but the effect that the powers and procedures contained in them will have on individual rights and freedoms.

Mr. Speaker, it was quite clear that Professor Corry was suggesting exactly what Lord Hewart of Bury was pointing out earlier, namely that to the extent that administrative law must be exercised, it must also be brought under some measure of control, such as does not now exist; some measure of supervision by parliament before the event, not after; some measure of control which will make it possible for parliament to express its opinion before the government has taken its decision in a manner that would make any challenge of that decision an expression of want of confidence.

Mr. Speaker, I have put forward arguments made in this house, in the press and even at a meeting of the National Liberal Federation last year, in order to lay the foundation for the suggestion that the government itself might well consider at this time the abandoning of this legislation and the statement that it will deal with these matters by such legislation as may be required from time to time. If, as the Prime Minister says, the need is not very apparent for legislation of this kind immediately, and it has not been necessary for the government to use it very much, that is all the more reason why we should return to normal procedure;—and it is the Prime Minister who indicated that this is not the normal constitutional procedure—all the more reason why we should return to the proper division of authority between the dominion and provincial governments, at a time that our whole federal constitution is under strain; all the more reason that we should return to the principles upon which this country became one nation in 1867.

I have put forward arguments which in no way can be disposed of as being arguments from this side of the house which might conceivably be put forward with some idea of embarrassing the government, as is so

often suggested whenever we make an argument which is not entirely in accord with the view expressed by the government itself.

Now, Mr. Speaker, the Prime Minister has referred to the act, but let no one be in any doubt that this act does confer almost unlimited powers upon the government of Canada, not upon an individual group of men who, no matter how much we may wish them long lives and happiness are, in the words of the hon. member for Quebec South (Mr. Power), not gifted with immortality. We are dealing with the law as an abstract question. We are dealing with an act which confers upon the government certain powers, and which in no place says it is this Prime Minister (Mr. St. Laurent), this Minister of Justice (Mr. Garson) or this Minister of Defence Production (Mr. Howe), even if all the confidence expressed in them by members on the other side were fully justified and were shared more generally throughout the house than may sometimes be apparent.

Let us see exactly what this act does permit the government to do. It permits it to do and authorize such acts and things, and make from time to time such orders and regulations as the governor in council may, by reason of the existing international emergency, deem necessary or advisable for the security, defence, peace, order and welfare of Canada; and for greater certainty, but not so as to restrict the generality of the foregoing terms, it is hereby declared that the powers of the governor in council shall extend to all matters coming within the classes of subjects hereinafter enumerated; then that section of the act sets out the following:

(a) control and suppression of maps, plans and photographs;
(b) control of communications and means of communication;
(c) control of the harbours, ports and territorial waters of Canada and the movements of vessels;
(d) transportation by land, air or water and the control of the transport of persons and things;
(e) trading, exportation, importation, production and manufacture; and
(f) imposition and recovery, in connection with any scheme of control, of fees or charges payable to the Receiver General of Canada or into any fund or account established by order or regulation for the purposes of the scheme of control.

Where is there any specific definition such as was requested by the hon. member for Quebec South (Mr. Power), such as asked for by Lord Hewart of Bury, the great exponent of common law and parliamentary procedure? Where is there the specific provision asked for before the National Liberal Federation last year? Where is the specific provision asked for by leading writers in the press of this country? There is none. Neither is there any specific definition of powers, nor is there any suggestion as to which minister shall exercise these powers.

It is true that there is some suggestion of restraint in subsection 2 of section 2 where it says:

(2) Notwithstanding anything contained therein, the powers conferred on the governor in council by subsection one do not include power to make orders or regulations in relation to
(a) arrest, except as incidental to proceedings under section three, detention, exclusion or deportation of any person;
(b) censorship or the control and suppression of publications and writings; or
(c) expenditure of moneys otherwise than in accordance with an appropriation by parliament except expenditure of moneys from any fund or account established by order or regulation in connection with a scheme of control for the purposes of that scheme of control.

Never was a reservation with more illusory protection put before this or any other house with a similar measure of authority and responsibility than the one now before us. It does seem that last year, very conscious of the grave situation with which we were confronted and the uncertainty as to how that grave situation was to be met—an uncertainty which may not be greater today, although the general situation is quite as grave and perhaps more grave—there may have been some tendency not to examine these things in the way they should now be examined when, with all the dangers, at least we have found some pattern of continuing action through the long period of emergency which lies ahead.

When this act says there shall be no provisions in regard to arrest except as incidental to proceedings under section 3, then we refer to section 3 and find that by order in council the government may prescribe penalties by way of fine or imprisonment for a term not exceeding five years. This section is wide open in regard to determining what those powers shall be, and that is a very illusory protection. Section 3 does deal with seizure, detention, and forfeiture of goods by order in council, so the protection afforded in that section is not very satisfactory.

Then mention is made of censorship or the control and suppression of publications and writings. There might be some protection there, except for the fact that this government has such control over newsprint today that if it saw fit—again I am dealing with the government of Canada and not the individual—under its present powers it could very effectively deal with any newspaper.

Mr. Garson: May I ask the hon. member if he means by his last statement that the government could exercise censorship over

what a newspaper publishes by means of its control over newsprint?

Mr. Drew: I am suggesting that the government of Canada—as I have pointed out before, not the present Minister of Justice, no matter what measure of confidence may or may not rest in him—under its present powers could exercise a very real censorship over the press by the allocation of newsprint. Do not let the Minister of Justice or anyone else in this house be so naïve as to suggest that allocation is not a very powerful weapon at the present time, whether it be of newsprint or anything else.

Then we have paragraph (c) of subsection 2, which deals with the expenditure of moneys otherwise than in accordance with appropriation by parliament, except the expenditure of moneys from some fund set up under this order in council. I cannot imagine, Mr. Speaker, that this government would find it very difficult to conceive of a plan for some fund, if they really wanted to set up something outside of any ordinary appropriation, which would give them the financial resources they needed, even if they felt themselves under restraint, which I have not seen particularly noticeable in some of the items that have come up by way of supplementary estimates.

Whatever the reservations are, they are contained in these very limited terms. Otherwise wide open powers are given. The Prime Minister has made it quite clear that these powers do abridge the constitution, that these powers do change the plan of responsibility and authority in existence as between the dominion and the provincial governments under the British North America Act. Last year we pointed out that, with full recognition of all the dangers that exist, we opposed the bill on the ground that no argument had been presented which justified this immense delegation of power, especially in a time that the government still prefers to describe as a period of general peace. I am not quarrelling with the government in the use of that expression, but if the government is going to employ that expression then let it act in accordance with the expression it chooses to use. If we are to conduct ourselves as far as possible as though we were going to live reasonably normal lives over a long period of years, under the pressures of the international situation which now exist, most certainly we should try to carry on our system of government and our parliamentary procedures in a manner which continues the traditional practices that have been built up over the centuries.

Whatever may have been said at that time last year, this house should not renew this act today when we have had nothing placed before us which suggests any reason whatever why this government could not deal effectively with any questions which may arise by amending certain of the acts which now exist. After all, as the Prime Minister has pointed out, most of the subjects which have been dealt with in the last year could have been dealt with either under existing acts or by such existing acts with some slight amendment which would have extended their application and given them clearly defined administrative authority such as is contained in other legislation.

I submit, however, that these immense and sweeping powers should not be extended, and that the government would be well advised to reconsider its position in putting this forward at this time. In view of the words he used this afternoon I do not believe the Prime Minister will suggest that this act does not delegate powers to the government which could cover almost any field of legislative jurisdiction either in this house or in the provincial legislatures. Moreover, this act does delegate to the government powers to pass laws behind closed doors, such as parliament itself should be most reluctant to support even if they were put before us in the most explicit terms. Those laws could have the effect of completely destroying the checks and balances between the dominion and provincial governments; and in the Prime Minister's own words, which I have quoted, in fact there is recognition of that possibility, if any government sought to exercise that power. Those balances between the dominion and provincial governments were wisely provided in the covenant which made this nation possible, and they should be preserved, most particularly at a time when democracy generally is threatened.

No one can deny, no one should deny, that extraordinary conditions undoubtedly may call for extraordinary remedies. But even the most extraordinary conditions should not be used to enlarge the constitutional powers of the dominion government, and should not carry into the council chamber the business that was intended for this House of Commons and the parliament of Canada by the fathers of confederation who drafted our constitution.

This act, subject only to the very limited reservation to which I have referred, represents a complete surrender by parliament of its powers to the executive. It authorizes for the government of Canada—an undefined body from time to time, the executive of this parliament—star chamber procedure that has been repudiated for centuries under our parliamentary traditions. Instead of representing the judgment of parliament this act

expresses no judgment at all, except that we say to the government: you do anything you think wise either with the business ordinarily in our hands or ordinarily in the hands of the provincial legislatures.

This act places the fate of our people in the hands of the government of Canada, the executive, undefined, without reference to any particular minister, without any specific declaration of any kind as to the terms under which it can be employed. Instead of prescribing rules of conduct defined by the people's representatives in parliament it authorizes the government to enact codes which will prescribe the rules for our daily life in any manner the government in its secret judgment, without the advice of parliament, may decide.

No matter what arguments may have been presented in the past, no matter what good intentions the government may possess, no matter what superficial justification may be offered, the inescapable fact remains that such a delegation of legislative powers to the executive in council is utterly inconsistent with the constitution adopted by those who drafted the British North America Act after so much discussion, study and earnest effort.

This act constitutes a delegation of legislative power to our government such as has not existed since the star chamber of old passed into historic disgrace. This act is in fact delegation running riot. The fathers of confederation envisioned the rule of law, and they envisioned a government of our people under laws approved and receiving consent through the people's representatives in the House of Commons. This constitution never contemplated at any time that we should have government by the whim of men meeting secretly behind closed doors in the council chambers.

It is no answer to say that this act has been in force for a year and no harm has been done. Much harm has been done to the principle of a free and sovereign parliament, if we now accept this act as something that is going to be continued indefinitely on the statute books. It never was desirable that the act should have been passed in the first place. Whatever justification there may have been in the minds of the government at the time it was passed, however, no sound reason has been offered, I submit, that—and I quote the words from the motion—

—it is desirable to continue the said sections in force up to and including the thirtieth day of May, one thousand nine hundred and fifty-three.

It is true that these orders in council are not of a kind likely to alarm hon. members. Perhaps that in itself is a danger, because it takes our eyes away from the important thing, which is the fundamental principle at issue. There may be reasons for some provision of this kind, reasons which have not yet been stated. If there are, they should be clearly explained to the house. This house should then only authorize the government under the most clearly defined and limited circumstances to deal with those subjects—and I refer particularly to the one order in council which was passed permitting secrecy. That certainly is one which should be dealt with by a separate act of this parliament. It should be dealt with by an act that stated in the most express and clearest terms exactly under what circumstances the government might retain the veil of secrecy over anything that affects the daily lives of any Canadians.

I suggest that to delegate such sweeping powers as these, no matter what confidence may be expressed in the individuals who temporarily would be called upon to exercise them, is one of the most dangerous propositions ever enunciated in this house. The acceptance of this means that parliament will not only have agreed to the delegation of its power to a star chamber; it will also have agreed, by acceptance of what has been done already, to such a limited measure of protection as may be afforded by the subsequent publication of things into which they have already gone fully. Even though the government has done what it may regard as relatively unimportant business under this measure to date, we must consider what this or any other government could do along that line.

While it is not for us to be guided by what happened in other countries, I do not think any Canadian can be unaware of the fact that a major constitutional issue is being fought out in the United States at this time. That major constitutional issue is as to whether or not the executive has the power to seize one particular industry in that country. I am not expressing an opinion one way or another as to what the real power of the executive may be in the United States. Nevertheless it surely is of interest to Canadians that—since, though under a different system it is true, they live lives so similar to our own—such strong feeling should be expressed by outstanding lawyers and constitutional experts in regard to the exercise of authority of that kind.

No such question, however, would arise in this country with the passing of this measure, because there can be no question about the fact that this government could seize any industry. It also states specifically that the government can take power over any production; and that means farming, fishing or anything else. There is no single

type of production that cannot be taken over by the government, if it sees fit to do so.

Do not dismiss that by saying that this government would not exercise such powers. There were those in other countries who supported laws of a similar nature and who today have lost all freedom as a result of the expressed belief that the governments of those countries would not abuse the power conferred upon them.

No, there would be no doubt here about the power of the government to seize any industry or to take over any operation. Under this no question would arise in connection with the nationalization of trucking, the nationalization of shipping or the nationalization of railways, if the government wanted to do it. Of course that is the qualification. But it is there in express terms—

> Transportation by land, air or water, and the control of the transport of persons and things—

—by land, sea or air.

I do not know where there are such wide powers today in any country that still calls itself a democracy.

Mr. Croll: It has been there for seven years.

Mr. Drew: Oh, this act is much less explicit than the act passed in a time of war and which it replaces. Even in a time of war the government felt there was some necessity to give some appearance of defining powers and specifying subjects to an extent that does not appear in this measure at all. And may I say to the hon. member for Spadina (Mr. Croll) that I am not suggesting for one moment that these powers were wisely conferred at that time, except under the impact of war itself; not merely because of the necessity of fighting the war but because of the impact of the events of war upon the daily lives of our people. That is one of the reasons such emergency powers as were introduced here, and were continued with some reservations, were accepted. People recognized that there were great limitations upon the daily activities of our people. No one will question those limitations, which are not now imposed upon the people, and which the government has wisely or unwisely refused most emphatically even to consider, though in some cases there were some who thought this might have been done with advantage to the people of Canada.

In that respect I would point out that one of the chief reasons given for the introduction of the measure last year was the possibility that the government might be called upon to exercise price control. The government now makes it clear that it has no intention of doing so, so that argument has lost its validity, and is disposed of as a reason for the continuance of the measure, even if it ever represented a sound argument.

This discussion might well remind us that there was a very interesting point raised in the argument presented before the supreme court of the United States. I cannot help feeling that there was historic significance in the fact that counsel arguing the case there against the exercise of such powers as were exercised by the President of the United States cited section 39 of Magna Carta, which reads as follows:

> No Freeman shall be taken, or imprisoned, or disseized, or outlawed, or exiled, or in any way harmed, nor will we go upon or send upon him, save by the lawful judgment of his peers, or by the law of the land.

Section 39 of Magna Carta is one of those great sections in the charter of our freedom signed at Runnymede in 1215. And there are two more provisions in that section which I submit should be in the minds of hon. members at this time when they consider delegating their responsibility in this manner to the government, without any defining restraint. There is the provision, first of all, that no freeman shall be disseized without the decision of his peers, and that no man shall be taken or imprisoned or disseized, except by the law of the land.

The act before us, in the powers it confers, denies the right assured by Magna Carta. It is not an answer to say, "Oh, no; this government would not exercise them." This government is creating those powers; this government is creating a precedent which others will find extremely convenient if at some distant time in the future there should be those in power who would believe in a much greater exercise of authority by the state than this government has demonstrated, great though its belief in its own omniscience and its own power has been.

Mr. Croll: Do you not trust yourself?

Mr. Drew: Mr. Speaker, the hon. member and I do not sit opposite each other for the first time. For that reason I take in good spirit the interjection he has made, and I would remind him that this is not the first legislative chamber in which he has heard me express the same views.

Mr. Sinnott: It sounds like it, though.

Mr. Drew: Mr. Speaker, I accord to the hon. member for Spadina considerable knowledge of the law. I hope he will impart some of that knowledge to one hon. member opposite, when he has the freedom to do so.

I do not think this is a strictly academic subject. I think it is time for hon. members to be as careful about the provisions of

Magna Carta as are some of our friends in the United States; to assert our belief in those principles, and to assert our belief that, except under the most express terms and the most explicit safeguards, there shall be no departure from that historic section of Magna Carta.

Ever since those days that fundamental principle has always been observed. It has been challenged, it has been denied, but in turn the people have overridden that denial. It was the denial of that right that brought a king of England to the block. It was the denial of that right that lost another king his throne. It was the denial of that right that lost to the British crown the provinces which constitute what is now the United States. It was the denial of that right that over and over again has challenged the great legal brains in this house as well as elsewhere. It was the possibility of the denial of that right that challenged one of the best parliamentary brains in this house, and I am referring to the hon. member for Quebec South (Mr. Power).

I submit that without questioning the good faith but simply examining this as a matter of principle, the issue is clear and it goes to the root of democracy itself. Where law ends, tyranny begins. When it will begin, no one can tell. Others in other lands were very sure it would never begin, but today they have no right to raise their voices and point out that when they supported arbitrary laws of this nature they relied upon the government never to exercise its power.

The protection of our people must depend upon the rule of law provided by the people's representatives. The law itself must ever be a declaration of the people's representatives in parliament. If there is to be a real democracy in this or any other country then the laws must be made by those elected to make them and not by the executive sitting behind closed doors under a delegation of powers such as is contained in this act.

If our parliamentary system is to survive through the vicissitudes of the years ahead, then our laws must be the expression of the will of the community as approved by the elected representatives of the whole community. Our people have the right to know what the law is at any given time; and before they are bound by laws they should have concurred in the adoption of those laws through their own decisions in parliament before the laws were passed, not after they had been passed and were in effect.

The rule of law is the rule of freedom. Men have the right to know to what extent their representatives have said they must obey certain injunctions. Even then there may still be doubt; as we all know, competent lawyers often give conflicting advice on different points of view. We have just recently seen a case where the Supreme Court of Canada held a different view from that of the privy council, although of course the Minister of Justice (Mr. Garson) believes that we should not in any way rely upon the privy council. Without in any way questioning the confidence he has expressed, this indicates that very competent judges, let alone very competent lawyers, may hold diametrically opposed views as to the effect of orders in council. But what should be remembered is that the privy council, in which the Minister of Justice has now imposed his ultimate confidence, has said that orders in council, no matter how loosely drawn by a government, if they conform—

Mr. Garson: Has my hon. friend seen the recent judgment of the privy council? If he has not, how can he state what they have said?

Mr. Drew: The ordinary systems of communication are available to people other than the Minister of Justice.

Mr. Garson: May I ask another question?

Mr. Drew: The Minister of Justice will be free to reply.

Mr. Deputy Speaker: If the leader of the opposition does not resume his seat he indicates that he is not giving consent.

Mr. Garson: If my hon. friend does not want to—

Mr. Drew: All right, ask your question and then sit down.

Mr. Garson: Has my hon. friend seen in any of the means of communication any statement that the orders in council were loosely drawn?

Mr. Drew: The orders in council were so loosely drawn that there was never any question about it from the beginning. That was one of the points upon which the whole argument rested at various stages throughout the long proceedings. I may assert without any question that they were extremely loosely drawn and that was what presented the difficulty from the very beginning. Nevertheless the privy council has now made it perfectly clear that if any parliament is to delegate wide powers, then those wide powers can be exercised in a manner which the courts will be most reluctant to limit in any way. With that judgment of the privy council we are much less safe in passing these sweeping powers than we were while we still had the judgment of the Supreme Court of Canada. I might have preferred the judgment of the Supreme Court of

Canada; the Minister of Justice prefers the privy council. The Minister of Justice has that judgment, but that judgment is a warning to every one of us that we should be careful as to what powers we confer upon this government. The previous judgment did suggest that there might be some restraint exercised by the court.

The Minister of Justice may well emphasize to us the expression known as the glorious uncertainty of the law. He exemplifies it. Nevertheless there is a difference between that glorious uncertainty of the law which is common to all legal proceedings—that is what I have sought to emphasize; it is not only the Minister of Justice, but I pointed out the glorious uncertainty as between the Supreme Court of Canada and the privy council—and the certainty that no one is going to know what the law is until it finally emerges some time much later from the star chamber where it has been adopted by the government. That kind of law passed into disrepute centuries ago and it should be disposed of by this house at this time.

There can be no security if laws are uncertain and if people do not know in advance what the views of justice really are going to be. Strong arguments were presented against this bill when it was introduced. I should like to refer to what was said a year ago because I want to leave no doubt as to our position in regard to this act, and to show that it has been consistent in regard to the principle which is in issue. I should like to quote from page 952 of *Hansard* of March 6, 1951, where in regard to this very measure I am reported as saying:

> To the statement that I have just made the Prime Minister can answer that this bill will terminate next year.

I went on to discuss how bills of this kind have a habit of being repeated, of being renewed and of becoming embedded in our ordinary practices and procedures. Then I went on to say:

> The Prime Minister may also say: This is in the hands of parliament. In answer I would say that we have not seen too much evidence, during this session or preceding ones, that there is that measure of independent expression of opinion by the large number of supporters of the government in this house which would suggest to those who are concerned about the trend we now see that we might hope that within this house there would be a vote which would place any effective restraint upon a government which commanded a majority of that kind. Unless we return to established and tested principles of parliamentary democracy we may in fact at this hour be in the twilight of freedom here in Canada, no matter how much we believe in freedom itself. We Canadians can pay the penalty of surrender just as other people have paid the penalty of surrender of those principles which protected the freedom in which they believed.

[Mr. Drew.]

I repeat these words but with a greater sense of urgency today, because none of the arguments that could have been presented at that time can properly be put forward now in support of this measure. Assuming the utmost good will in the mind of the government, the fact remains that it is the duty of every one of us to consider what could happen if men of evil intention had the opportunity to exercise the powers conferred by such an act. That is the only test which can properly be applied to legislation of this kind. Freedom has disappeared so often in recent years when that test was not applied. Examining only what could be done and not what any of us might suggest would be done by this particular government, I do not see how anyone can deny that a full and unlimited exercise of the powers contained in this act could become the death warrant of democracy in Canada.

At a time when we are seeking to preserve the spirit, the form, the living body and the traditions of democracy, I most earnestly urge the government to withdraw this resolution. It can withdraw it in the same way that it has on other occasions when other measures have been presented and the government became convinced that it was not desirable to proceed. That does not mean it cannot deal with any cases which it thinks should be dealt with. It is only necessary for the government to examine what was done during the past year under this act and anything that conceivably could be required during the coming year, and then introduce simple amendments to existing legislation which will permit them to deal with the matter under clearly defined and limited terms.

May I also say that, if circumstances should arise short of war which call for wider powers, we have seen that this parliament can meet within a few days and pass whatever laws are necessary. In the event that the most unhappy possibility of war should become a reality the government need not be concerned because it has the powers already.

I hope these arguments will not be brushed aside with the suggestion that this government would never consider doing anything so improper as the possibilities that might be presented. I only ask the government to examine with care the arguments put forward by the hon. member for Quebec South (Mr. Power), by an expert on constitutional law who spoke before the National Liberal Federation in Ottawa, by Lord Hewart of Bury whom I am sure the lawyers of this house respect, and by others outside of the house, as well as the great lawyers

and jurists of Canada; and without taking any argument from the opposition I think they would come to the conclusion that the delegation of power of this kind is extremely unwise.

Members of the house who are lawyers remember well that in a democracy we only exercise on behalf of the people the powers delegated to us by the people themselves. Every lawyer in the house remembers that ancient Latin maxim, *delegatus non potest delegare*. We only have power delegated to us by the people of Canada, and it is not our right to delegate to the executive meeting behind closed doors the business of the people of Canada which has been entrusted to us under our free democratic processes. Therefore in these times, which the government is finding sufficiently normal to deal with so many things in what they regard as a normal manner, may I urge that they return to normal. May I recall what the Prime Minister (Mr. St. Laurent) himself said. He made it clear that this legislation departs from the normal constitutional procedure of the House of Commons. He made it clear that this legislation destroys the constitutional balances between the dominion and provincial governments. I am only asking, with respect, that all members on both sides of the house give due consideration to the importance of asserting their belief in the Canadian constitution at this great testing time for democracy throughout the whole world.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when the Emergency Powers Act was before parliament in the first session of 1951 we in this group supported it. We did so because we recognized the existence of an emergency and because we felt that, in addition to steps that might have to be taken to meet that emergency from a defence point of view, there were also steps that might have to be taken from an economic point of view. Indeed, we argued very strongly at that time that the Canadian people were suffering because of rising prices and a lowering of their real standards of living. We argued that the institution of a system of price controls and subsidies, where necessary, was required. We supported the Emergency Powers Act in the realization that it would make possible the institution of such controls, and we urged the government as strongly as we could to take advantage of the right which parliament was conferring on them in order to protect the interests of the Canadian people.

In our view a state of emergency still exists. In fact we are not sure that it has lessened from what it was a year ago. The state of military activity in Korea may be different from what it was then, but the situation is as explosive as ever not only there and throughout the Far East, but in other parts of the world. For example, we in this group are concerned over what is being done this very day with respect to the taking of a step which in our view divides Germany into two armed camps. What may flow from that step is a matter of conjecture which it is not too pleasant to contemplate, but I mention it at this time merely to indicate that in our view the world situation is still one of emergency.

The economic situation is likewise still one of emergency so far as our people at home are concerned. The government has boasted over the fact that the cost of living index may have dropped a fraction of a point, but the plain fact of the matter is that the cost of living is still beyond the reach of the workers and farmers of this country who are producing the nation's wealth in terms of a gross national product in excess of anything that we have known in our history. And yet our people are suffering because they cannot afford to buy the goods they produce. That to us is a ridiculous situation, and in our view it is still important that certain direct economic controls should be instituted.

We firmly believe that man was not made for economic orders but that economic orders are supposed to be made for man. We do not believe in submitting our people to the suffering that comes from the play and the control of blind economic forces. We believe it is consistent with, and is a part of, the whole principle of democracy that our people should control not just a limited sphere of the things that concern us but should control completely that which concerns our people perhaps most of all, namely economic affairs. We believe that to leave these things to blind economic forces is to accept economic anarchy.

Because this measure which the government asks to be continued for another year not only would make it possible for the government to deal, within certain limitations, with emergencies of a defence nature but also with the economic emergencies that our people are facing in this country, we take the same view we took when the same bill was before the house in 1951. We shall support the motion of the Prime Minister (Mr. St. Laurent) for the continuation of this act for a period of another twelve months.

Had it not been for the very long speech to which we have just listened—and hon. members are, I am sure, glad to know that the rules of the house prevent me from speaking at the same length—

Some hon. Members: Hear, hear.

Mr. Knowles: Mr. Speaker, it is good to get approval once in a while. As I was about to say, had it not been for that speech, based largely on argument by the use of extravagant language, it might not have been necessary for me to say much more than I have already said. But because the arguments against this measure by the leader of the opposition (Mr. Drew) have been based largely on what he described as principles of parliamentary democracy, for those of us who believe in parliamentary democracy as firmly as do we in this group it becomes necessary to answer some of the arguments which the leader of the opposition has put forward.

May I say, as I have already implied, that we take second place to none in our concern for the supremacy of parliament over the government. We take second place to none in our opposition to the abuse by the government of the power to do certain things by order in council. We take second place to none in our opposition to the way the government sometimes uses its majority in this house to ride roughshod over views which opposition members feel express the wishes of the Canadian people.

Mr. MacDougall: Those are harsh words.

Mr. Knowles: Yes, they are harsh words. The hon. member for Vancouver-Burrard (Mr. MacDougall) will probably hear more harsh words from us before the session closes. If he would like to know what those harsh words may be about, may I say that he already knows.

When we assert our concern for parliamentary democracy and when at the same time we accept the fact that we are in a state of emergency, does it not become necessary for us to find some sort of balance, to find some way to make our parliamentary way of doing things fit the needs of the emergency in which we find ourselves? It was because this legislation, when it was brought down a year ago, was an attempt to find that balance that we are prepared to accept its continuance for another year.

May I point out that the legislation which was brought down a year ago did not pass this house in the exact form in which it was first presented. Proposals were made on the floor of the house and some suggestions came from members of the Progressive Conservative group, some from our group and some from others. Some of those suggestions were accepted by the government and written into the statute. Their purpose was to ensure in so far as we could do so, the control of parliament over the government in its use of the powers conferred upon the government by this statute.

At this point I might perhaps deal with one of the most important elements of protection which we won from the government on that occasion. We won it both in the form of an amendment to one of the subsections and in the form of a clear-cut undertaking which the Prime Minister gave to this house. In his opening remarks today the Prime Minister said that he repeated all of the undertakings that were given last year. It is for that reason I want to put on the record one of the undertakings which the Prime Minister gave last year; and I take it that what he said this afternoon is a confirmation of this particular undertaking. When this bill was before the house last year we were concerned as to how effective would be the provision in what is now section 2, subsection 5, for the annulment of any orders, passed under the act, which parliament might wish to have rescinded.

I may say that when the government put that section in the bill it was an innovation. It was a provision that we did not have in the War Measures Act or in the National Emergency Transitional Powers Act and that sort of legislation we had after the war. Here, for the first time in Canadian legislation, we had the counterpart of something which has been in existence at Westminster, namely a provision that the Senate and the House of Commons could, by resolution, annul or rescind any of the orders passed under this act. The way of doing that was indicated in the act. Nevertheless, despite the assurance given to us because of the fact that there was in the act that provision for annulling any of these orders, some of us were concerned as to whether it would be effective and whether we would have an actual chance, on the floor of parliament, to do anything about it.

This matter was discussed on March 1, 1951, as recorded at pages 828 and 829 of *Hansard*; and I am going to take the liberty of reading most of a column because I believe this undertaking which the Prime Minister gave on that occasion should be on the record again now in the context of his having said today that he again gives the same undertaking. I quote from *Hansard*, at the pages already indicated:

> Mr. Knowles: The Prime Minister indicated that some consideration had been given by the government concerning the possibility of writing into the statute a provision so as to make it clear that any member of the house or Senate could propose such a motion for annulling an order passed under this

act. Now, assurance was given by the Prime Minister earlier today that the government would facilitate any motion, if one were made. I wonder if the Prime Minister would care to tell us how he pictures such a course would be pursued, if it should happen. I realize it is hypothetical, and I realize the government is going to mind its p's and q's, and try not to bring in anything which parliament would want to annul. I do believe it would be helpful if he would tell us how he thinks this would work in actual practice if an instance should arise.

Mr. St. Laurent: If there were a notice or a motion on the order paper it would be proper to suggest, at the end of the day preceding the expiry of the forty-eight hours, that the house should consider immediately after routine proceedings, the motion on the order paper.

Mr. Knowles: No matter where that motion might be on the order paper?

Mr. St. Laurent: No matter where it might be on the order paper, that it would be convenient to consider that after the routine proceedings on the day on which it would mature.

Mr. Knowles: The Prime Minister would favour that course being followed?

Mr. St. Laurent: I would favour that course, and I would ask those over whom I had any influence to agree to that course being followed.

Mr. Knowles: I am sure the Prime Minister does not mind our appearing to try to get an undertaking out of him on this point. But it is very important, and a definite undertaking would be appreciated.

Then the Prime Minister gave this final, definite undertaking which dealt with the point about which I was concerned, namely the difficulty of getting unanimous consent for consideration of a private member's motion. Here are his words:

Mr. St. Laurent: If there were not unanimous consent to that procedure being followed, if there were objections to that procedure, I would give an undertaking to put a notice on the order paper as a government notice that such a resolution be dealt with at the earliest opportunity.

It was on the basis of that undertaking that we accepted this measure last year as being one that gave parliament a clear-cut and definite way of annulling any order passed under this act, if parliament felt that such should be done. I submit that for that undertaking to be repeated today, as the Prime Minister has done, is to cope with this situation in the best possible way.

Not only does the act provide for annulment of regulations or orders that may be passed by the government, but it does impose very definite limitations on the fields in which orders can be passed. Likewise, the act was limited last year in that it was to expire as of May 31 this year, subject to the possibility of it being continued for only one more year. The motion we now have before us takes advantage of that provision, but there is no provision anywhere in the act for it being continued any further after the end of May, 1953. Thus there are very definite limitations in this legislation, and I suggest that to speak of this as going back to star chamber methods, as surrendering the rights of parliament and all the rest of it, is indeed using extravagant language.

Perhaps the strongest point the leader of the opposition makes is that he does not like merely to have the opportunity to pass upon laws after they have been given effect by the governor in council. I agree that I do not like that having to be done, even under ordinary legislation. But if we are going to admit it is an emergency situation, we have to give some responsibility to the government. May I point out that there are other measures, namely the taxation changes which take place, year by year, which become effective before parliament has the right to pass upon them. Parliament, however, still has the right to negate those changes if it wishes to do so. We still have the right under this act to negate, annul or rescind any of these regulations which the government might introduce. As I say, Mr. Speaker, this is a line of argument that I did not expect to use at all in my remarks today, but speaking on behalf of a group which is deeply concerned over parliamentary procedure as well as over parliamentary democracy and the rights of the members of this house to represent the people, it did seem necessary to deal with some of these arguments that the leader of the opposition has put forward.

The leader of the opposition is concerned about the rule of law. He came back to that phrase time and time again. I do not see the relevance of the argument. We are not saying to the government that it can pass any kind of laws it wants. We are giving the government certain limited powers, and we spell out those powers. We make it clear also that they can be effective for only a limited period of time. We require that any regulations or orders passed under this act shall be given publicity, and shall be tabled in parliament within a certain period of time. It seems to me that, all told, not too bad a job is being done in dealing with the problem of an emergency situation.

If we want the government to accept its responsibility to deal with the emergency situation on the defence side, if we in this group in particular want the government to deal with economic problems that face our people and want, as we do, the institution of price controls and the payment of subsidies to help our people cope with the cost of living, we have no alternative but to confer upon that government some means by which they can carry out the things we ask them to do.

We have had today, as we have had so often, the argument about the British North America Act and the whole question of the division of jurisdiction between the federal government and the provincial governments. I shall not take time to go into that at length. We still feel as a former colleague of ours, the late Frank Jaenicke, used to point out so well, that there was real validity in the judgment of the privy council in the Canada Temperance Act case. I refer to the judgment in which their lordships said that any question, which by its inherent nature was tied in with the welfare of the whole of Canada, was a subject upon which the parliament of Canada could legislate. We have in mind as well the decisions that have been made by the courts to the effect that when parliament in its wisdom declares a state of emergency, it is not for the courts to look behind that declaration. We believe there is a state of emergency. The leader of the opposition believes that. He tried to say it was less severe than it was a year ago, yet at one time during his remarks he said it was as grave as a year ago or perhaps even more grave.

Because of these constitutional arguments I have put forward, Mr. Speaker, I submit that we are quite within our rights, as a federal parliament, in passing legislation of this kind. I go further and suggest it is not merely a question of whether or not we are within our rights. Indeed, as a federal parliament we have certain responsibilities to the people of Canada. Our responsibility to them at this time of international crisis, and at this time of economic crisis in our own country, is to set up the machinery to enable the government—which at all times is responsible to this parliament and we will always hold them to that responsibility—to deal with this crisis.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Knowles: Mr. Speaker, in my remarks before six o'clock I think I made it clear that we were not impressed by the arguments used by the leader of the opposition (Mr. Drew) in opposing the motion now before the house.

We of this group supported this legislation a year ago, and we feel it is desirable that it should be continued for another year. Nevertheless we wish to make it clear that we are not satisfied with the record of the government in its use of the powers conferred by this legislation. Our complaint against the government is not that they have used these powers too freely but that they have not used them for the purposes to which many people in this country hoped they would be put when this legislation was brought into parliament a year ago.

The people of Canada have not suffered from abuses under the Emergency Powers Act. The people of Canada have suffered because of the failure of the government to use these powers to control prices and protect the living standards of the Canadian people. In supporting the continuance of this legislation we do so in the hope that the government will reconsider the whole question of its attitude toward prices, and toward economic controls. The people of this country still believe it is their right to expect from the government protection of their living standards, particularly when it is because of a time of crisis, and when it is to a large extent because of defence spending that we are experiencing inflation as we are at the present time. So, Mr. Speaker, we give our support to this legislation; we turn aside the arguments against it, as I sought to do in my remarks before six o'clock, but we call upon the government to make better use of this legislation in the interests of the people of Canada during the twelve months that lie ahead than has been the case during the twelve months that have just gone by.

When the Prime Minister (Mr. St. Laurent) spoke this afternoon he gave an account of the government's stewardship under this legislation. He is to be commended for having told us the whole story of the number of orders passed under the provisions of the Emergency Powers Act; but I thought as he gave that list, particularly when he recounted the last five to which he referred, that it must have been apparent to him that to a certain extent this legislation had been used as a matter of convenience. Indeed, the last five which the Prime Minister discussed were hardly measures that could be described as matters of emergency. He admitted it was simply a case of using this legislation to deal with these matters until such time as there could be appropriate legislation.

It is our contention that in giving these powers to the government parliament is not simply giving the government a convenient way of dealing with ordinary matters; parliament is giving the government power to deal with extraordinary matters. The extraordinary situation, both on the defence front and in terms of economic matters here at home, is the reason for legislation of this kind. We support the legislation, but we call upon the government to make use of it in the interests of the Canadian people.

Motion **agreed to.**

CONSUMER CREDIT

MOTION TO EXTEND OPERATION OF ACT TO JULY 31, 1954

Hon. Douglas Abbott (Minister of Finance) moved:

That, whereas section five of the Consumer Credit (Temporary Provisions) Act, chapter three of the statutes of 1950 (second session), provides that that act shall expire on the thirty-first day of July, nineteen hundred and fifty-two; provided that, if the governor in council so orders, it shall expire on an earlier day designated by him; and provided further that if, at any time while that act is in force, addresses are presented to the Governor General by the Senate and House of Commons, respectively, praying that that act be continued in force for a further period, and the governor in council so orders, that act shall continue in force for that further period.

And whereas it is considered desirable to continue the said act in force until the thirty-first day of July, one thousand nine hundred and fifty-four.

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

To His Excellency the Right Honourable Vincent Massey, Member of the Order of the Companions of Honour, Governor General, and Commander in Chief of Canada.

May it please Your Excellency:

We, Her Majesty's most dutiful and loyal subjects, the House of Commons of Canada, in parliament assembled, respectfully approach Your Excellency, praying that the Consumer Credit (Temporary Provisions) Act be continued in force until the thirty-first day of July, one thousand nine hundred and fifty-four.

He said: On May 5 I informed the house that an order in council had been passed effective May 6, revoking the regulations under the Consumer Credit (Temporary Provisions) Act. I also stated that the government would during the present session invite both houses of parliament to present addresses to the Governor General praying that the Consumer Credit (Temporary Provisions) Act be continued for a further period.

The act was passed by parliament in September, 1950, and authorized the governor in council to make regulations concerning the control of consumer credit. At that time inflationary pressures were building up rapidly all over the world, and were a cause for serious concern to all of us in this house. There had been a very rapid expansion of consumer credit during 1950. Further expansion of this type of consumer buying would have added to these upward pressures on prices.

The first consumer credit regulations under the authority of the act were passed by order in council October 25, 1950, and became effective November 1, 1950. Under these regulations a down payment of 33⅓ per cent was required for motor vehicles and 20 per cent for other consumer goods. The minimum down payment and monthly payment were each $5, and the maximum period of payment 18 months. In the early part of 1951 the effects of inflation upon the price level became much more pronounced and in March the regulations were sharply stiffened by raising the down payment to 50 per cent for motor vehicles and 33⅓ per cent for other consumer goods, by raising both the minimum down payment and monthly payment to $10, and by reducing the maximum period of payment to 12 months. In January of this year the regulations were relaxed by extending the maximum period of payment to 18 months, and finally the regulations were revoked effective May 6 when it was felt that the need for them had passed.

There is no way of measuring the exact effect of consumer credit control over this period. But the statistics show that cash sales of durable goods expanded more rapidly during the first few months of 1951 than did instalment sales, a reversal of the situation in 1950 when the consumer credit regulations were not in force. There can be very little doubt that combined with the government's other anti-inflationary measures they were of considerable importance in first limiting and then levelling off the upward spiral of prices. Perhaps the best evidence of their effectiveness lies in the volume of requests we received for their removal or relaxation.

At present the direct limitation of consumer credit seems not to be necessary. Preliminary indications are that the total of consumer credit outstanding as at March 31 of this year was less than a year ago in spite of higher average prices and incomes. Nevertheless we must remind ourselves that the economy is still subject to some very heavy demand and that we have not yet reached the peak of our defence program. The international situation is still uncertain, and we must be in a position to deal promptly with unexpected events. While the probabilities are against a renewal of inflationary forces as powerful as those which beset us in late 1950 and early 1951, we cannot ignore the possibility. Defence expenditure is still increasing, projected capital investment for the current year is above last year's level and incomes are high and rising. It would not take much to upset the balance. If such a situation should develop we should not hesitate to reintroduce credit controls, but the effectiveness of any such measures depends upon their prompt application.

The consumer credit act, as originally passed by parliament, was given a two-year term of life, with a proviso that it could be extended for a further period of life on the presentation

of addresses from this house and from the Senate. The government recommends that the act be extended for a further period of two years, that is until July 31, 1954. This date coincides approximately with the time set for the achievement of our present defence program, and therefore covers the logical period during which the government should have these special powers.

It is with these considerations in mind that I move the address for the extension of the Consumer Credit (Temporary Provisions) Act for a further period of two years. I think there is a good chance that we shall not need to use the authority which such an extension of the act would grant. I hope that this will be the case not only because such restraints are naturally irksome to both buyers and sellers, but because the necessity of again resorting to such restraint would mean that the general relative stability which now prevails had been seriously disturbed. But the possibility that control of consumer credit may again become necessary in the course of the next two years cannot be ignored, and if the necessity arises the measures to be taken will be more effective and can be less drastic if they can be applied quickly.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, we have here a resolution proposing that a measure passed in the autumn of 1950 known as the Consumer Credit (Temporary Provisions) Act be extended for two years. I draw attention immediately to the fact that it is proposed that this be extended for two years, whereas the Prime Minister's resolution moved this afternoon was for an extension of one year only. I shall revert to that, because it seems to me it is very difficult to make an argument for two years in this case, as against one year in the other. I shall suggest in an amendment that the term be reduced to one year.

I should like now to make a few general observations about the act itself. We remember very well the situation in the autumn of 1950, when we came back for a short session. We remember that at that time the war news from Korea was very bad, and that the defence spending spurt which had taken place during the summer had produced an inflationary situation, which the minister has described, and which in fact led to the initiation of the measure passed in the autumn of 1950.

At that time, as I think the minister himself more or less conceded in his following budget speech of April, 1951, the regulations had very little by way of teeth in them. Actually they had done little or nothing to improve the situation by the time of the budget speech in 1951.

Indeed, it was worse than that, because the whole action of the government during the autumn and winter of 1950-51 was to stimulate rather than to curb spending. As a matter of fact we all remember the spending splurge that took place at that time which, to some extent, was due to the fact that the government had created a feeling that there were likely to be shortages, without really having taken any worth-while steps to curb spending. And so we had that tremendous splurge.

Then we came along to the first session of 1951, when the situation was getting rapidly out of hand. We had then the interesting speech made by the Minister of Trade and Commerce (Mr. Howe) in which he told us so vividly and so frankly that the situation really, in a sense, had got largely out of hand. As he described it, the people who were in the business of selling goods had got themselves, in his words, "all set", and he thought at that time very little could be done about it.

Well, very little was done about it until the situation got bad. As we know, it went on for many months. And then with, I think, some assistance from this measure, which was tightened up and given more teeth in the spring of 1951, the situation has for the moment steadied. The minister has given us a picture of that. At the same time he feels he should be armed with this weapon, in case it is necessary to use it again.

I shall not take much of the time of the house to recall the unfortunate situation that developed. We had in the autumn of 1950, just after the Korean debacle, a situation where too little was done. Then in the spring of 1951 we had the minister's drastic taxation measures, which we all remember very well. My own guess, and I think it is more than a guess, is that the improvement in the military situation which took place in Korea immediately after the adjournment of the session in the autumn of 1950, eased the minds of the ministry—perhaps particularly the mind of the Minister of Trade and Commerce—so that, as I say, little was done during the winter. In fact what was done was actually inimical to the situation.

Then in the spring of 1951 we had the taxes, which have been so fully discussed—taxes which bore so heavily on certain of the industries, including the motor car industry and others. At the same time heavier taxes were introduced, stronger teeth were put into the instalment buying provisions. So the two things went along together until we had this very, very unsatisfactory situation during the last year, which the minister has striven to cure by backing away from his consumer controls, and removing them until

we are given to understand, at any rate it is common gossip, that deferred depreciation will also go by the boards.

My feeling about this is that it is a device which has been badly used. At the same time, with the possibility of heavy buying and further inflation I dislike to go the length of opposing it entirely. I content myself therefore, at the moment, with moving that the two-year period be reduced to one year. There is no reason whatever why the period should be two years. If we give an extra year we can take stock of the situation when the twelve months have expired just as we intend to do in connection with the Emergency Powers Act. Therefore I move, seconded by the hon. member for Kamloops (Mr. Fulton):

That the word "fifty-three" be substituted for the word "fifty-four" where the latter appears in the resolution.

In other words, that the extension of the act be for one year and not for two.

Mr. Abbott: Mr. Speaker, let me say at once that I have not the slightest objection to making it for one year rather than for two years. The reason two years was suggested was that two years was provided for in the original act. If anyone would rather have it one year, the government has not the slightest objection.

Amendment agreed to.

Motion as amended agreed to.

SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of supply.

PUBLIC SERVICE—FIVE-DAY WEEK

Mr. Stanley Knowles (Winnipeg North Centre): Before Your Honour leaves the chair I should like to say a few words about a matter which is of interest to the Minister of Finance (Mr. Abbott). I am glad he is in the house at the present time so I can direct my remarks to him, and I hope get his attention. The question I have in mind is that of the five-day week. I think I overheard the minister utter those words even before I got them out, so no doubt he realized what was coming.

Mr. Abbott: I am a mind reader at times.

Mr. Knowles: As the house knows this is a matter of considerable interest to the civil service and other workers in this country, and has been discussed a good deal of late. As hon. members know, with regard to the civil service the matter of the five-day week has been presented to the government in various ways and various answers have been given on different occasions. Recently the indication has been that the Minister of Finance is prepared to meet representatives of the civil service at an early date to discuss this matter. In the meantime a number of statements have been made which suggest that the minister's mind is somewhat made up already. My purpose in taking advantage of this opportunity to speak on a grievance is to express the hope that when the minister meets the representatives of the civil service he will meet them with an open mind.

The fact of the matter is that quite a number of people employed by the government now have a five-day week. Therefore in asking for a five-day week for the civil service we are not making a request for something brand new. I think the minister realizes from what I have just said that I am speaking about employees of other emanations of the crown and agencies of the government apart from the civil service. As I say, there are a number of employees in that category who are on the five-day week.

This is shown by sessional paper 180 which was tabled in the House of Commons on April 21, 1952, having been brought down in response to some questions of mine which were passed as an order for return on November 28, 1951. This sessional paper indicates the following employees in the following organizations as being on the five-day week, and it shows the number in each case:

Bank of Canada	1,186
Canadian Arsenals Ltd.	3,271
Canadian Broadcasting Corporation	1,300
Central Mortgage and Housing Corporation	1,944
Defence Construction Ltd.	26
Eldorado Mining & Refining Ltd.	228
Industrial Development Bank	95
Polymer Corporation, Ltd.	2,100

This sessional paper also indicates that employees of Canadian National Railways, Canadian National (West Indies) Steamships Limited, Canadian wheat board and Trans-Canada Air Lines are also on the five-day week although the return does not give the number of employees in these cases. I believe the same holds true for employees of the national research council and of the defence research board.

Another interesting return was tabled on Wednesday, May 21, 1952, being sessional paper 113C. This was brought down in answer to questions asked by the hon. member for Lake Centre (Mr. Diefenbaker), who inquired specifically as to whether the five-day week was in effect in any department of government, any crown corporation or government agency and, if so, what departments, corporations or agencies.

Public Service—Five-day week

The sessional paper is rather bulky, being made up of some 33 pages, but as one goes through it he finds that in addition to government employees outside of the civil service, to whom I have already referred, who are now enjoying the five-day week, there are quite a number of civil servants as such who are also enjoying the five-day week. In particular it appears from this return that practically all civil servants in the Toronto district are now on the five-day week. I need not take up the time of the house to go through this return page by page, but it includes answers from the civil service commission and from quite a number of departments which indicate that practically all the civil servants in the city of Toronto are on the five-day week, and that there are some civil servants in special situations in other parts of the country who are likewise on that work period.

I understand that representations have been made to the government by civil servants in other precise localities. For example, civil servants in Windsor have asked that they be put on the five-day week in the same way as civil servants in Toronto. In other words we are not breaking new ground in making this request. We are not asking for an innovation. The five-day week is already in effect in a good many instances. In addition to the fact that there are such groups of people who are on the five-day week the year round, there are other departments of the government whose civil servants have enjoyed the five-day week during certain periods of the year, particularly in the summer on certain occasions. Despite all these facts which indicate some progress toward the five-day week, the government maintains an attitude of resistance toward representations that it should be extended and made really general in the civil service. The return from which I was quoting a few moments ago, sessional paper No. 180 of April 21, 1952, in addition to giving the factual information asked for also dealt with my fifth and sixth questions which were as follows:

5. What consideration has been given to such representations?

6. What progress is being made by the government in getting ready for the five-day week for all civil servants and all government employees?

The answers to these two questions were incorporated in one answer which is as follows:

The treasury board and its staff, the civil service commission and the national joint council of the public service have studied the developments and proposals relating to the five-day week in the light of other considerations bearing upon the possible adoption of it as a general policy. The five-day week has been adopted in certain units of the public service where it would promote efficiency and could be introduced without reduction in hours of work or service to the public and without increasing staff. In view of the need to economize in labour and expenditure, and to secure maximum national productivity at this time of abnormal requirements arising from the defence program, the government has not, however, considered it desirable to adopt the five-day week for the civil service as a whole.

The government of course was not surprised when the publication of that answer was greeted with some disappointment by civil servants generally. In fact their representatives spoke rather strongly about the attitude of the government, particularly in view of the fact that not long before that sessional paper was tabled the Minister of Finance (Mr. Abbott) had said in the house in answer to a question of mine that the matter was being studied, that representations would be considered, and that it would not be necessary for all the different civil service organizations to make separate representations.

I should like to draw the attention of the Minister of Finance to the fact that included in these critical comments made by various civil service representatives were those which appeared in the May issue of one of their publications, the *Canadian Civil Servant*. There is a paragraph on page 7 which reads as follows:

Indicating an unwavering determination to see the institution of the short work week throughout the civil service he claimed—

The "he" refers to Fred Knowles.

—that its inauguration would result in a higher level of productivity, efficiency and morale than now exists.

It is that sort of approach that I plead with the Minister of Finance to consider. In my view you cannot look at the question of the five-day week simply as a matter of ordinary cold mathematics. It is not a correct analysis of the situation to assume that if you cut down from five and a half days to five or from six days to five it automatically is going to mean a loss in productivity or a commensurate increase all across the board in other personnel. Beyond doubt there will be some cases where, in order to maintain public service six or seven days a week if necessary, additional people will have to be employed; but it seems to me there is no question but that in a large area of the government service there could be a reduction in the total number of days of work or total number of hours of work per week without lessening of production.

Indeed, you might even get an increase in production arising from a higher level of productivity, efficiency and morale than now exists. My plea to the Minister of Finance is that when he meets the representatives of the civil servants to discuss this matter he meet them with an open mind and consider

just such points as were made in the statement by Fred Knowles, to which I have just referred. As the minister knows, other representatives of civil servants have made similar statements.

I should like to draw to the attention of the minister the fact that in addition to such progress as is being made in the government service in terms of the five-day week, it is becoming fairly general in Canada as a whole. On December 3, 1951 certain questions of mine regarding the five-day week were answered in *Hansard* at page 1510. My questions were these:

1. Has the government any statistics as to the number of (a) industrial workers; (b) office workers now on (i) a five-day week; (ii) a five and a half day week; (iii) a six-day week?

2. If so, what are the number of each of the above groups of workers who are working for each of the periods indicated above?

The answer given by the parliamentary assistant to the Minister of Labour is in the form of a table which I shall not endeavour to place upon *Hansard* again, but when the minister is getting ready to meet the civil servants I would ask him to look at the table on page 1510 of *Hansard* for December 3, 1951. I may say that I was pleasantly surprised myself, when these figures were given by the parliamentary assistant to the Minister of Labour, to discover the extent to which the five-day week is now the rule among industrial and office workers in Canada generally. I find from the table that in terms of plant workers there are 510,000 whose work week is more than five days, be it five and a half days, six days or whatever it may be, but there are 537,000 who are already on the five-day week. In terms of office workers, there are 81,000 who are on a work week of more than five days compared with 107,000 on the five-day week. In other words, the majority of both industrial and office workers are already on the five-day week. Incidentally, I asked specifically later on whether these figures included bank employees, quite a number of whom have since gone on the five-day week because of enabling legislation passed by parliament. I was informed that these figures did not include bank employees. In other words the situation is actually better than is indicated by the figures I have given.

The whole idea in advocating the five-day week is that with the increased productivity of our modern economy it is axiomatic that a share of that increased productivity should be passed on to those who produce the nation's wealth. You do that in various ways. You do it by the scale of wages, by the prices that you pay for farm products. You do it by social security and in various other ways. You also do it by reducing the number of hours or days per week that people have to work, thus making it possible for people to enjoy a little more of the life that they are working to make possible. It is good to know that this trend is developing in Canada generally; but in my view there is still a long way to go, and I certainly feel that the federal government should give a stronger lead in this respect with regard to its own civil servants.

I want to say in passing that the federal government should also consider its own labour legislation with respect to the five-day week as it affects employees generally. For example, we have in this country the position that employees of Canadan Pacific hotels in some cases enjoy a shorter work week than do employees of Canadian National hotels. The reason is that, by a decision of the privy council, employees of the Canadian National hotels are regarded as coming under federal labour jurisdiction whereas employees of Canadian Pacific hotels are regarded as coming under provincial labour jurisdiction. In some of the provinces there are work-week laws that give to employees of Canadian Pacific hotels the protection of a shorter work week, but employees of Canadian National hotels are denied that protection because there is no such work-week limitation in federal legislation.

That is just in passing, Mr. Speaker, to point out that those of us who are concerned about the work week of our people are concerned about it on all fronts. My particular purpose in raising the matter at this time is to express the hope that the Minister of Finance (Mr. Abbott) and his officials who will go into this matter will consider it from all angles. Let them consider the extent to which government employees outside the civil service already have a five-day week. Let them face the fact that in Toronto, for example, civil servants already have the five-day week.

Mr. Fleming: As do city of Toronto employees.

Mr. Knowles: The hon. member for Eglinton (Mr. Fleming) reminds me that the employees of the city of Toronto have the five-day week. That is true in some other cities in Canada as well. They would be covered in the figures with respect to office workers and others which I quoted from page 1510 of *Hansard* of December 3, 1951. If he will consider all those aspects of the situation and the arguments the civil servants themselves have put forward, I am sure he will agree with me that this is a subject which he should not approach with a closed mind, but rather that he should meet these people in

good faith and listen sympathetically to their representations. He knows—but I repeat it—that they have my support and the support of those of us in this group. I earnestly hope that something will come out of the discussions which are scheduled for the near future between the minister and the civil servants with respect to this important question of the five-day week.

Mr. G. M. Murray (Cariboo): Mr. Speaker, if the five-day week were granted, then the proposal would be made that we must have a four-day week. It seems to me that we have lost sight of an important point with regard to the civil servants here in the great capital city of our nation. I am not one who would say whether they should have a five-day week, a six-day week or a seven-day week; but I would say that each hour they spend in their work should be spent profitably, happily and with enthusiasm, working for this great country.

Coming as I do from a far removed part of our nation, when I come to Ottawa I wonder that people live in such a circumscribed area. I find in the city of Ottawa today the same limits that were set when I was here as a boy forty years ago. I wonder whether, here in the city of Ottawa, there is not some kind of influence that is holding the limits of the city within narrow bounds with the hope of extracting from the civil servants the ultimate in rental for premises occupied. It is unfortunate that I should say this, but I know people in the civil service who are enjoying very small incomes and pay more for a suite than I could afford to pay, even with my income. They are limited to apartment houses, duplexes and so forth. They pay $100 and $125 a month for a suite whereas out in the Cariboo country we should be glad to have $10 a month for similar premises.

I have a suggestion which I am going to give the Minister of Finance (Mr. Abbott). He is one of the younger members in this house, with a bright future before him, and in his heart he must have hope for the welfare of this nation. Ottawa is the brains of Canada. Within the boundaries of Ottawa, this capital, are the people who administer the affairs of Canada. Is it not therefore desirable that these civil servants should be given every opportunity to live full, happy and wholesome lives? I suggest that the Minister of Finance should start tonight to plot out a city for the future, a great subdivision that will extend from the Ottawa river right over to Prescott—it could be extended by degrees from time to time—in order to allow these people to get out of the heart of these purlieus and into the beautiful countryside of Ontario; to get an acre or half an acre of land, with water laid down, sewers, hydro and paved streets. A man earning $150 a month could then go out 20 miles from this town and there live a good life, raise his family, and give them the advantages of school and church and other opportunities.

We live here in the midst of plenty. In fact I am reminded of the story of the man in the boat who was seeking fresh water and who said: Water, water everywhere and not a drop to drink. He was told: Drop your bucket on the other side and you will find there is lots of water.

We are here in the centre of eastern Ontario, with all this land in this productive valley of the Ottawa and the Rideau. No part of the world is more productive and more beautiful than this part of the country contiguous to Ottawa. Yet our stupid people allow a few real estate agents to confine the boundaries of the town within narrow limits. We should have a great highway from here to Prescott; it should be a four-lane highway. We should lay out subdivisions on either side of it where there would really be an opportunity to make homes for all our civil servants. No matter how small their incomes might be, they would share with us the free air, the good food, and good water and all the amenities of life to which every Canadian is entitled.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

POST OFFICE DEPARTMENT

311. Departmental administration, $1,118,455.

Item stands.

DEPARTMENT OF VETERANS AFFAIRS

527. Departmental administration, $2,217,425.

Item stands.

Progress reported.

CANADIAN FARM LOAN ACT

AMENDMENTS TO PROVIDE FOR ADMINISTRATIVE CHANGES, TO GIVE POWER TO BOARD TO BORROW FROM MINISTER, ETC.

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Canadian Farm Loan Act to provide for a number of administrative changes under the act; inter alia to give power to the Canadian farm loan board to borrow money from the minister to be paid out of the consolidated revenue fund on such terms and conditions as the governor in council approves for the purposes of the board; to permit first mortgage loans up to 60 per centum of the appraised value of the security and up to a

maximum of $10,000; to provide for the appointment, duties and remuneration (out of the revenues of the board) of an advisory board to be known as the Canadian farm loan advisory board; to provide with respect to short term loans secured by second mortgage that they may be made for the same purpose as first mortgage loans and up to one-third of the amount of a first mortgage loan; and to provide further for aggregate maximum loans secured by first and second mortgages up to $12,000 and up to 70 per centum of valuation where chattel security is taken or 65 per centum where it is not taken.

Mr. J. M. Macdonnell (Greenwood): Is the minister going to say anything at this stage? I appreciate the fact that these are more or less changes in detail, yet they are important changes and there seems to be a pattern at work. Will the minister make a statement, perhaps reviewing the operation of the act and stating what general principles, if any, are behind these rather important changes?

Mr. Abbott: I proposed to make a brief statement, but I thought it might be made in the committee and then the members could ask questions as to the detailed administration of the board, if there is no objection to that.

Mr. Macdonnell (Greenwood): There is no objection to that.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

Mr. Abbott: This resolution seeks authority to introduce a bill to amend the Canadian Farm Loan Act in order to bring the act more up to date, and make it a more flexible and efficient instrument for financing the mortgage requirements of Canadian farmers. The act was originally passed in 1927 and has not been amended since 1935. Conditions have altered substantially since that time, and it is desirable to make certain changes to enable the board to fulfil more effectively its function of providing mortgage credit for Canadian agriculture.

The most important amendments are designed to enlarge the board's field of operations by increasing the aggregate amount of loans which may be made to any one borrower on a first mortgage, and on a first and second mortgage together, by enabling the board to lend on a more generous scale in relation to the value of the security, and by adding to the purposes for which second mortgage loans may be made. At present the board cannot loan more than $5,000 on a first mortgage and $6,000 on a first and second mortgage together to any one borrower. The new bill will increase these limits to $10,000 and $12,000 respectively, that is $10,000 on the first mortgage to any one borrower or $12,000 on first and second mortgage combined to any one borrower. The reasons for this proposed amendment will be obvious. If lending limits of $5,000 or $6,000 were reasonably sound in 1927 and 1934, the development of Canadian agriculture since that time, the rise in the value of farm land and in the cost of farm equipment and so on should make the proposed new limits not inappropriate.

The present act also limits a first mortgage loan to 50 per cent of the actual value of the land and buildings to be mortgaged, buildings being considered only to the extent to which they add to the actual value of the land as farm land. If a summer cottage is built on the farm, therefore, it is not eligible so far as valuation is concerned for lending purposes. Furthermore the act limits the aggregate of first and second mortgage loans to be made to any one borrower to two-thirds of the appraised value of land and buildings in provinces where chattel security may be taken, and to 60 per cent of the said value in provinces where chattel security cannot be taken. In the new bill authority is sought to increase the limit of a first mortgage loan to 60 per cent of the value of the security, and the limit of first and second mortgage taken together to 70 per cent of the value of the security in those provinces where chattel security may be taken, and to 65 per cent in those provinces where no chattel security can be taken. I think it will be generally agreed that the board has had a sound lending record, and this record has only been possible because it has not been unduly generous in the amount of credit it has extended or unwise in the selection of its risks. I do not think we wish the board to make unsound loans and become a burden on the general body of taxpayers, but I hope it will be agreed that the lending limits in relation to the board's appraised value of properties can now be raised, as the bill provides, without assuming an undue measure of risk.

The other way in which the scope of the board's operations is being enlarged is by extending the purposes for which second mortgage loans may be made. At present they cannot be used to purchase land, but I see no reason for this restriction and experience has shown that it can be safely removed, and wisely so in the general interest.

There are two other proposed amendments to which I may call special attention at this time. One provides for the establishment of a national advisory board to consider from time to time, discuss with the board and make recommendations to the board concerning the lending policies of the board, the principles underlying the valuation of farm property and the conditions affecting or that may affect lending policy on outstanding or future loans. At present there is provision

in the act for the setting up of local advisory boards, but this provision has not appeared to be practicable and has not been implemented. I hope the new provision may serve a useful purpose.

The second provision to which I shall call attention is one relating to the audit of the accounts of the board. At present this audit is in the hands of a private firm. Under the new bill which this resolution seeks authority to introduce, it is proposed to have the Auditor General of Canada act as the board's auditor. This change is, of course, in line with the general principles of our new Financial Administration Act.

Mr. Macdonnell (Greenwood): Would the minister give us a few figures showing the size of the operation and the results to date?

Mr. Abbott: Yes. I have in my hand the report of the Canadian farm loan board which is tabled each year in the house, and I believe the one for this year has been tabled. I do not suppose the hon. member wants me to give all the details here, but some of the figures are rather interesting. This covers operations to the end of March, 1952, since the inception of the act. The number of loans totals 35,992; amount of loans disbursed, $72,538,000; number of loans presently outstanding, 16,497; amount of loans presently outstanding, $28,168,000. Those figures I am giving are for first mortgage loans. The amount of interest arrears totals $63,700, and the percentage of interest arrears to principal outstanding is ·226 per cent.

In so far as second mortgage loans are concerned, the number of loans totals 12,139—again since the inception of the act —the amount of loans disbursed, $6,882,000; the number of loans outstanding at present, 2,815; amount of loans outstanding, $1,234,000; amount of interest arrears, $11,700; and the percentage of those interest arrears to principal outstanding is ·948 per cent. The balance sheet of the board, as shown in the annual report which has been tabled, gives other details as to the cash on hand and that sort of thing. Speaking generally, the operations of the board have been very satisfactory. The provision in the balance sheet for possible losses is $1,744,017.19.

Mr. Macdonnell (Greenwood): Built up how?

Mr. Abbott: Built up as a result of profits which have been accumulated over the years; earnings.

[Mr. Abbott.]

Mr. Macdonnell (Greenwood): When the minister says "profit" he means surplus over the cost of borrowing the money and lending it?

Mr. Abbott: That is correct.

Mr. Macdonnell (Greenwood): One other question. Are the figures which the minister gave as to arrears subject to any qualification of any kind? What I mean is, have there been any foreclosures? Does that tell the whole story?

Mr. Abbott: Over the years there have been foreclosures and sales. At present the number of properties on hand is nine, with a book value of $10,420. There are 208 agreements of sale outstanding with the amount due under these agreements of sale $240,600. This would represent, of course, properties taken over and subsequently resold. The interest arrears on those properties amount to only $2,850. I think it is safe to say that the board is in a very sound position at the present time.

Mr. Murray (Cariboo): Has the board not operated almost without loss? There has been no loss since this plan has been put under way?

Mr. Abbott: I do not think the record is quite as good as that. I think the losses have been very small.

Mr. Murray (Cariboo): The attitude of the board ought to be a little more generous; and there ought to be provision for a little loss. I do not suggest that we should encourage great losses or extravagances, but I would suggest to the minister that he should keep that in mind. I know the man who set this thing in motion. He was a former premier of British Columbia, Hon. John MacLean, a very able man. He came from Prince Edward Island. He was a very thrifty man, and very close in all his dealings. He set this thing going on a sound basis. Up in our end of the country, north of the Peace river, very few loans have been made because of the unwillingness of the board to take any chances whatsoever. You should relax your program so as to permit a farmer to borrow money to clear land, to clear off scrub, and so on. The attitude should be a little more generous. The government of Canada can afford to take a little loss on a tremendously useful program such as this.

Another thing I hear from many people is that they will not accept the loans because they have to sign so many papers. They have to give their age and the age of their wives, when they were married, and all about this, that and the other thing. They have to give

their fingerprints. So many papers have to be filled out that they feel it is not worthwhile, so the loans are limited to very good risks, to people who are very objective, and so on. This thing is fine; it is helping the banks out, and in some places it is taking the place of banks, but it should be widened a bit to take in the newer areas where people are taking chances every day. They should really have the benefit of this fine financial set-up.

Mr. Fair: The record of the small losses suffered by the Canadian farm loan board must be accepted as another testimonial of the honesty of the farmers of Canada. If anything can be done to lower the interest rate it should be done without further delay. There are methods by which that interest rate could be lowered, and I believe our producers should be given the full benefit of those methods.

Mrs. Fairclough: I am not just sure that I understood exactly about the arrears of interest. Did I understand that was all on active mortgages now, or is there some portion of it which had accrued on mortgages on properties which have changed hands.

Mr. Abbott: All the figures I have given are interest accrued on first and second mortgage loans outstanding, and the last figure I gave is interest on agreements of sale, which represent the sale of foreclosed properties. When a property is realized on, the loss, if any, is charged against the reserve for losses. If the property is sold and realizes a profit, then of course that profit is credited to the same account; and the item I gave of $240,600 as representing balances due on agreements of sale would represent the balances due on the sale of property which had been foreclosed, and on that item the amount of interest arrears is $2,850.

Mrs. Fairclough: That amount is included in the $63,700?

Mr. Abbott: No; that is a separate item. The amount of $63,700 is the arrears on the first mortgages, $11,700 on the second mortgages, $2,850 on agreements of sale, or a total of close to $80,000 on the three items.

Mr. Macdonnell (Greenwood): Has the minister available the borrowing and lending rates, the rates at which the board borrowed, and at which it lent over the years? What is the present rate?

Mr. Abbott: The present rate? I think I have it here. I wonder whether my hon. friend would let that stand. I will give it to him when we are in committee on the bill itself. I should have it, but I have not.

Mr. Browne (St. John's West): Is the minister familiar with the set-up in the maritime provinces and Newfoundland? I understand there is no agent of the board in Newfoundland, and anyone who wants a loan has to make application to the Halifax office. That entails considerable delay. Now that these loans are to be made more liberal I wonder whether consideration could be given to setting up an office in Newfoundland?

Mr. Abbott: I should be very glad to bring my hon. friend's remarks to the attention of the management of the board. I imagine that up to the present time the volume of business offering in Newfoundland has not been considered sufficiently great to justify the overhead which would be involved in establishing a separate office; but I shall be glad to see that the situation is looked into.

Mr. Quelch: Has all the capital provided been private capital?

Mr. Abbott: All the capital that has been provided has been put up by the government.

Mr. Quelch: No private capital?

Mr. Abbott: No private capital, no.

Mr. Macdonnell (Greenwood): Has the business of the board been steadily on the upgrade, or has the minister got any sort of rough figures over the years, not year by year.

Mr. Abbott: I do not know that I have here the year by year increase, but the increase has been steady, although not unduly rapid, perhaps owing to the, shall I say, sound lending policies of the board.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 275, to amend the Canadian Farm Loan Act.

Motion agreed to and bill read the first time.

TARIFF BOARD ACT

SALARIES OF VICE-CHAIRMAN AND OTHER MEMBER OF BOARD

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Tariff Board Act to provide that there shall be paid out of the consolidated revenue fund an annual salary of twelve thousand dollars to the vice-chairman of the board and an annual salary of eleven thousand dollars to the other member of the board.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

Mr. Abbott: Mr. Chairman, as the terms of this resolution indicate, the primary purpose of the bill founded on this resolution is to increase the annual salary of the vice-chairman of the board to $12,000 and the annual salary of the other member to $11,000. In addition there is a provision that a section in the act relating to investigation under the Combines Investigation Act, which is now covered under that act, is to be repealed; and the section with respect to the secretary of the board is to be repealed, and his salary established in the usual way.

Mr. Macdonnell (Greenwood): What are the salaries now paid?

Mr. Abbott: It is $10,000.

Mr. Macdonnell (Greenwood): To these two?

Mr. Abbott: Yes, they are each $10,000. The vice-chairman is to be paid $12,000, the other member $11,000; and the salary of the chairman, which is now $15,000, is not to be changed.

Mr. Fleming: What is the salary of the secretary?

Mr. Abbott: I believe it is either $5,000 or $6,000.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 276, to amend the Tariff Board Act.

Motion agreed to and bill read the first time.

CANADA ELECTIONS ACT

AMENDMENT WITH RESPECT TO SALARY OF CHIEF ELECTORAL OFFICER

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

That it is expedient to introduce a measure to amend the Canada Elections Act to provide that the chief electoral officer may be paid a salary of not less than eight nor more than twelve thousand dollars per annum to be fixed by order of the governor in council.

Mr. Graydon: This is a good night to talk about elections.

Mr. Fournier (Hull): Especially salaries.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to say a few words about this resolution relating to the salary of the chief electoral officer. I wish at the outset to say that the present incumbent of the office, like his father before him whom most of us knew, enjoys the fullest confidence of all members of the house. I am sure nothing we might say regarding his salary will be regarded by anyone as detracting in any way from what I have just said. Indeed, there is no question that, in the light of his responsibilities and the way he discharges them, any proposal for a reasonable increase in his salary would meet with the approval of members of the house.

However I am somewhat surprised at the way in which this resolution reads, particularly in view of the rather warm discussion we had in the house last year regarding the salaries of the civil service commissioners. The Secretary of State (Mr. Bradley) who introduced the resolution and bill on that occasion will recall that, prior to last year, the salaries of the civil service commissioners were fixed by statute, although for a number of years they had a supplement by means of items in the estimates.

We had asked on a number of occasions, in keeping with the recommendation by the Auditor General, that that practice should be discontinued, and that the entire amount of the salaries paid to the civil service commissioners should be provided in the statute itself. To our amazement, when the amending legislation came in it took away from parliament altogether the fixing of the salaries of the civil service commissioners and placed that matter in the hands of the governor in council. We protested strongly against that course of action. I still think we were right in our contention that the salaries of the civil service commissioners should be fixed by parliament rather than by the governor in council.

We pointed out at that time that in our opinion there were certain officials who must always be recognized as officials not of the government but of parliament. We included in that category not only the civil service commissioners but the Auditor General and the chief electoral officer. Indeed in our opposition to the proposal to make the salaries of the civil service commissioners subject to decision by the governor in council we gave as examples of a better way to do it the fact that the salaries of the Auditor General and the chief electoral officer were fixed by statute.

Despite the argument we put up at that time against changing that way of doing things, and despite considerable editorial support from newspapers in respect of the stand we took, we now find the government changing the basis with respect to the salary of the chief electoral officer. As a matter of fact we have now neither one method nor the other, but rather a hybrid. It used to be that this salary, like that of the Auditor General and of the civil service commissioners, was fixed by statute. In respect of the civil

service commissioners the salaries are no longer fixed by statute, but rather by the governor in council. In the present instance we have a proposal to fix lower and upper limits, leaving it to the governor in council to determine what the salary of the chief electoral officer will be, within those limits. I am not sure whether this is better or worse than the other arrangement; but, on balance, I think it is worse.

Our concern about the whole matter is that these people, who are servants of parliament in a particular way, and not servants of the government, should not have their salaries or anything related to their work handled in such a way as to make them feel that it is the government they must regard as their employer, and that it is the government to whom they must go to obtain increases in salaries.

I deeply regret that the government has taken this course of action with respect to people in this position. I regret it because of the nature of the position itself; I regret it because of the person of the present incumbent, and I do not think this change should be made.

Another feature about the change that puzzles me is that the resolution proposes that the salary shall not be less than $8,000 or more than $12,000 per year. If my information is correct the present salary is $10,000, and I am puzzled as to why we find here this sliding scale with provision for a salary lower than that now received by the present incumbent. That being so, the chief electoral officer just does not know what can happen. He might get an increase from the government but, on the other hand, the government might decide to decrease his salary. I insist that this is not fair. In my view the chief electoral officer should continue to enjoy in all respects and in every way the status he has enjoyed across the years, as a servant of parliament rather than of the government.

I shall be interested in any explanation the Secretary of State may give for this change, either in committee or at any other stage. However, I do feel that this is the wrong way to go about it; and I regret very much that the government has paid so little heed to what we on this side of the house thought was a pretty strong and effective argument put forward last year. At that time if the measure which had been brought before the house had been changed, the prestige of the government might have been damaged. On the other hand, I remember the Minister of Public Works (Mr. Fournier) agreeing to a change when persuaded by the house that he had made a wrong move.

Mr. Macdonnell (Greenwood): And tonight.

Mr. Knowles: Tonight the Minister of Finance (Mr. Abbott) accepted a suggestion from the hon. member for Greenwood (Mr. Macdonnell) with respect to a measure we had before us a while ago.

Mr. Fleming: We are making history.

Mr. Knowles: Whatever may have been the motives that kept the government from acceding to our request last year it does not appear to be wise on their part to make this change in the way of dealing with this matter.

I say quite categorically that in my view the responsibilities that devolve upon the chief electoral officer and the splendid job that person is doing merit a larger salary than the $10,000 he is now getting. In no sense should my remarks be interpreted as being in opposition to an increase in salary for this gentleman. As a matter of fact it cannot be said that the resolution provides for an increase in his salary; it provides for a possible increase or for a possible decrease, whereas we favour an increase.

Parliament should have the right to indicate what the salary of this person will be. The resolution we adopted just a moment ago dealt with the salaries of people who are not as much servants of parliament as are the Auditor General and the chief electoral officer; yet in the case of members of the tariff board it was felt by the government that the way to deal with their salaries was to fix the amount in the statute. I am wholly in support of the salary being more commensurate with the responsibilities of the chief electoral officer. I regret that the government has decided to do it on this basis, rather than by fixing a definite amount in the statute.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, this resolution changes the present law in two respects. One is to displace the fixed salary provided by the statute and to substitute a floor and ceiling, the floor being lower than the present statutory salary and the ceiling being higher. The other change is to remove from parliament the responsibility for establishing the salary and to vest that responsibility and power in the governor in council.

I do not think anyone in this house is going to argue that parliament should set the salary of every public official, but there certainly are some outstanding cases where parliament and not the governor in council should set the salary. As the hon. member for Winnipeg North Centre (Mr. Knowles) has said, that applies eminently to the Auditor General. He is an official of parliament, and parliament should establish his salary. There should be no power left in the governor

in council in respect of the amount of salary to be received by an official like the Auditor General who must enjoy complete independence of the government.

The same thing can be said about the official whose salary is under debate at this moment, namely the chief electoral officer. Independence in the administration of the duties of his office is just as important in my submission as independence in the administration of the duties of the Auditor General. Why this office should be singled out now as one in which the governor in council should claim the right to fix the salary is something I cannot follow.

This resolution does not propose to create a new office. We are not dealing with a situation where there has been no history. Here we have an official whose independence of the government has been guaranteed by the fact that his salary is fixed by parliament in a statute. The government can take nothing from him. Why change? That is the big question: Why should a change be made now? It would be quite possible within the limits proposed in the present resolution for the governor in council to apply pressure upon the salary hopes of the official holding this high office.

It seems to me entirely unsound to propose that any measure be adopted which will qualify or modify in any degree the independence of the chief electoral officer. Let us compare this proposal with what was involved in the resolution which has just been disposed of by the house. In that case the house decided that the present provisions of the Tariff Board Act by which the salaries of the vice-chairman and the third member of the board are fixed shall continue. No member of this house I am sure is going to suggest that the independence of the chief electoral officer is one whit less important than the independence of the vice-chairman and the third member of the tariff board.

I submit that what is involved here is inherently wrong. If the government is convinced that there should be an increase in the salary of the chief electoral officer I am sure the house will be glad to consider such a proposal on its merits, and consider it sympathetically, but to make an occasion of that kind the pretext for removing from parliament the right to guarantee the independence of the chief electoral officer from all government influence seems to me to be a very different matter, and a move which the government ought not to make.

It seems to me also this measure uses what may be considered the occasion of a proper increase in the salary of the chief electoral officer as an excuse or pretext for establishing, in lieu of parliamentary authority, governmental authority to establish that salary. That would be a retrograde step. I hope the government will withdraw this resolution. If there is occasion for increasing the salary of the chief electoral officer let us proceed to do it by a proper amendment to the act, not by this move which I submit is inherently wrong and unsound.

Mr. Robert Fair (Battle River): Mr. Speaker, this seems to be a rather difficult resolution to discuss at this time. Not having been taken into the government's confidence I do not know just what the government is doing. The resolution reads:

> That it is expedient to introduce a measure to amend the Canada Elections Act to provide that the chief electoral officer may be paid a salary of not less than eight nor more than twelve thousand dollars per annum to be fixed by order of the governor in council.

That to me is a rather intriguing thing in some ways and a rather mysterious thing in other ways. Perhaps the Secretary of State (Mr. Bradley), who is sponsoring the resolution, will give us the actual reasons for bringing it in at this time.

It has been stated here this evening that the officer under discussion is now receiving $10,000 by statute. As far as I am concerned, I do not want to see that salary reduced. I appreciate the good work that has been done by our chief electoral officer as well as the good work done by his father who was his predecessor in office. I believe in economy in government, but I believe also in paying a good salary for good work performed.

As I said before, it is very difficult to speak on the resolution when one does not know the reasons for its being on the order paper in its present form. Nevertheless I am compelled to support it. I do not want to see the salary of the chief electoral officer reduced. We want competent administration in that office, and I believe the present incumbent has given service that has been satisfactory to all.

Mr. Bradley: Mr. Speaker—

Mr. Macdonnell (Greenwood): Mr. Speaker—

Mr. Deputy Speaker: The minister will want to let the hon. member for Greenwood speak before he does.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I have listened to what has been said so far and I regret the moderation of the speakers who have preceded me because it seems to me that this is a most astounding performance. We may get reasons which will make it look different, but I confess

they will have to be very good ones. First of all, let me associate myself with what has been said about the chief electoral officer personally. He is a worthy son following a worthy father. However, if this action is to be taken I see no reason in the world why we may not next have a measure saying that the salary of the Auditor General is going to be fixed by the government. I do not think we could feel secure from something like that happening if we tamely submit and allow this measure to go through.

This general question came up last year, but it was not in such an extreme form. With the great importance of the duties of the chief electoral officer and the desirability of his being independent, is anyone going to stand up and say seriously that a man whose salary is fixed by the government is really independent? Will anyone have the effrontery to stand up in the house and say that? I do not believe they will. What is happening is that we are tampering with the independence of the chief electoral officer. Let us face what we are doing. It is hard to be indignant about the matter when we look at the gentlemen opposite and they ask us to believe—and of course we more or less do believe—that there is not an evil thought in their minds.

Mr. Fleming: We know better.

Mr. Macdonnell (Greenwood): The leader of the opposition (Mr. Drew) quoted the hon. member for Quebec South (Mr. Power) this afternoon to the effect that we have no guarantee of the immortality of the delightful gentlemen who sit opposite us. There have been countries and cases where people with positions corresponding to the chief electoral officer have been tampered with. The Secretary of State (Mr. Bradley) may have such divine eloquence that he will be able to persuade us tonight that we are all wrong, but if he does not I hope there will be men in the house who will fight this thing tooth and nail because, like the hon. member for Eglinton (Mr. Fleming), I think it is wrong.

Mr. J. W. Noseworthy (York South): Mr. Speaker, I too am opposed to the motion, not on the ground that I do not favour an increase in salary from $10,000 to $12,000, if necessary, for the chief electoral officer, but because I think the resolution should call for an increase from $10,000 to $12,000 to be fixed by statute. From what experience I have had I feel that the chief electoral officer is doing a very excellent job, as his father did before him, but this resolution is an apparent arrogant attempt on the part of the government to control the chief electoral officer. If there is one officer in this country who should be independent it is the chief electoral officer. I am quite confident that the people of the country will not favour the government putting the chief electoral officer under their thumb so his salary may be increased or reduced at the whim of the government. It is on that basis that I oppose the resolution.

Mr. J. A. Ross (Souris): Mr. Speaker, I too should like to say a word or two in opposition to the proposal. Like previous speakers I have nothing but the very highest regard for the chief electoral officer, as I had for his predecessor.

An hon. Member: For the record.

Mr. Ross (Souris): Yes, it is for the record, and I do not boast about the years I have been here without ever making a speech in the house. I am quite sincere in what I say, and it is for the record if the hon. member wants to put it that way. As I said, I had great respect for his predecessor in that office, his father, but I think the principle that the government may increase or decrease the salary of the chief electoral officer is quite unbecoming in a democratic state. As was pointed out, the next thing the government may want to do is seek authority to increase or decrease at will the salary of the Auditor General and others holding offices of an independent nature who are responsible to parliament rather than to the government. On that basis I am very much opposed to the resolution in its present form.

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

Mr. Bradley: Mr. Speaker, before the debate goes any further perhaps I had better dissipate the misapprehensions under which a good many members of the house appear to labour. There is no intention on the part of the government to do anything which would in any way place the chief electoral officer under their authority except in a proper and legal manner. There is no intention whatever to endeavour to use any duress upon him or any inducement to commit those offences of which hon. gentlemen on the other side of the house seem to be in deep dread. As a matter of fact we are not changing the law in that respect at all. At the present time the act reads as follows:

> The chief electoral officer shall rank as and have all the powers of a deputy head of a department, communicate with the governor in council through the Secretary of State of Canada, devote himself exclusively to the performance of the duties of his office and be paid a salary of not less than eight nor more than ten thousand dollars per annum to be fixed by order of the governor in council...

All we are proposing to do is to change the word "ten" to "twelve".

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

Mr. Fulton: Would the Secretary of State say whether any consideration has been given to fixing the amount of the salary in the statute rather than leaving it to be fixed at the discretion of the governor in council, which has created the misapprehension which the hon. gentleman has himself said probably existed on that side of the house as well as on this side. It seems to me it would go a long way toward assuring the independence of the chief electoral officer if his salary were fixed by parliament so it could only be altered by parliament, rather than leaving it this way. I am not saying it has ever been arbitrarily changed in the past because I do not know, but it certainly seems to me that it could be, in accordance with the terms of the resolution and the terms of the present act which the Secretary of State has just read. If the intention is to increase the salary to $12,000, which I would now gather is the purpose for which the resolution is introduced, what is the objection to making it $12,000 in the statute instead of leaving it as a fluctuating amount to be determined by the governor in council?

Mr. Bradley: May I suggest the old principle: evil to him who evil thinks. So far as I and my colleagues on this side of the house are concerned, we have no desire whatever to raise any fears in the minds of hon. gentlemen on the other side. We are perfectly content to fix the salary at $12,000 a year.

Mr. Fleming: In the statute?

Mr. Fulton: In the statute?

Mr. Bradley: Yes.

Mr. Fleming: Good. We need some more by-elections.

Mr. Abbott: There is no change in the principle of the act.

Mr. Macdonnell (Greenwood): Do I understand exactly how this will read? The Secretary of State has just made a statement. I greatly appreciate the gesture which is being made, if I understand it correctly. What he said, however, does not in the least alter the merits of this situation. Do I understand that this resolution will now read:

> That it is expedient to introduce a measure to amend the Canada Elections Act to provide that the chief electoral officer may be paid a salary of $12,000.

Is that what I am to understand? In other words, am I to understand that parliament is fixing his salary at $12,000?

Mr. Bradley: If the hon. gentlemen on the other side are content to take my word for it, and if the resolution might be allowed to pass as it is, I will undertake that the statute will contain a provision that the salary of the chief electoral officer will be $12,000 a year.

Mr. Abbott: I think I might say a word on that matter. The principle has been that there is a range for the chief electoral officer as amended by the section. It may well be that a new electoral officer who is appointed might not have the experience, the qualifications and so on of the present one. I think it is desirable even in this office in certain respects to have a range. That is the reason that principle was maintained. I think it might have been logical to substitute "ten" for "eight" and "twelve" for "ten"; but I think it is desirable to maintain that principle, which no doubt was put in the act for good reason. There is, however, nothing fundamental about the thing. If we want to introduce the rigidity of "twelve" into the act, certainly the government has no objection. The amendment is brought in to pay the present electoral officer $12,000. That is the purpose of the amendment. I think we might leave it until the bill is brought down.

Resolution reported, read the second time and concurred in.

Mr. Bradley thereupon moved for leave to introduce Bill No. 277, to amend the Canada Elections Act.

Motion agreed to.

Mr. Deputy Speaker: When shall this bill be read the first time?

Some hon. Members: Now.

Mr. Bradley moved the first reading of the bill.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, there is just one small point that I wish to mention. I am not in any sense endeavouring to question the undertaking which the Secretary of State (Mr. Bradley) gave, but if the bill is read for the first time I imagine we shall be reading it in the form in which the Secretary of State has indicated.

Mr. Abbott: Any amendment would be made in committee.

Mr. Fulton: It would be the proposal to amend it in committee?

Mr. Abbott: Yes. That is where you have to amend it.

Mr. Fulton: That might be simpler.

Motion agreed to and bill read the first time.

CUSTOMS TARIFF

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 209, to amend the Customs Tariff.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, this measure has come before us somewhat unexpectedly. Will the minister recall to our minds just the general nature of the items that are covered? My recollection is that the amendment has to do chiefly with plastics.

Mr. Abbott: Yes. There is really not much I can add to what I said in my budget speech, which I realize was given a month or two ago. There are really three things here. One is to implement certain reports of the tariff board as to tariff changes; one is to incorporate in the tariff schedules themselves certain changes which have been in effect for some time by order in council; and the third covers proposals for improvement in wording and classification to remove anomalies and to keep the items in line with recent developments, but without changes in substance so far as the tariff items are concerned.

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

On section 1—*Schedule A amended.*

Mr. Fleming: I wonder whether the minister would indicate to us to what extent representations have been made since the proposals with respect to changes in the customs tariff were announced by him in his budget speech. One can assume that some representations must have been made once the proposals became known to the public. Will the minister be good enough to indicate the nature and extent of any representations by persons who might be affected by those changes?

Mr. Abbott: Yes. The principal representations I think have been in connection with the glass tariff. One main representation was that the change, whereby the drawback provision was removed, the tariff reduced to 20 per cent from 25 per cent and a 5 per cent tariff put on plate glass from most-favoured-nation countries, would prove injurious to the manufacturers of laminated glass since that glass is not made in Canada and the materials for it have to be imported from outside. At the present time none of those materials come from the United Kingdom whence they would come in free, but come from the United States. It was suggested that this change might cause some injury to the laminated glass manufacturing industry here. Laminated glass is used in the manufacture of automobile windshields.

After looking into the situation I decided to recommend that the duty of 5 per cent be suspended for one year. Then we will see. If at that time the imports are mainly from the United Kingdom, the suspended rate may be reimposed. I think that matter was satisfactorily taken care of.

Then there were some representations that the lowering of duty on window glass would be injurious to domestic manufacturers; but after considering these representations I arrived at the conclusions that the injury was more imaginary than real.

In the plastics field we have had some representations that the reductions in certain categories of duties would prove embarrassing to the manufacturers of certain types of plastics. However, after considering the report of the tariff board with the chairman of the board, the commissioner of tariffs and others, I have come to the conclusion that those fears are probably unfounded. In any case we shall continue to watch the situation. This is an extremely complicated field. The tariff board made an exhaustive investigation extending over some time, as the committee is aware. I would be reluctant at this time to vary the findings of the board. We shall see how it works out over the next year or two. If it is found that further changes are needed, they can be introduced.

I think those are the main representations, speaking generally. I have had no other serious representations as to the proposed tariff changes.

Mr. Fleming: Mr. Chairman, I know that all members of the committee have a great deal of confidence in the chairman of the tariff board. I do not think there is a more responsible or more devoted public servant anywhere than Mr. Hector McKinnon. I am wondering what the position will be in the light of what the minister has just now said about re-examining the situation in the light of the effects of the proposed changes in the tariff. Will there be any complications in the way of restoring the present provisions, or in other words of neutralizing the proposed changes? For instance, will there be any complications as a result of our international agreements if it should be found that the effects of the changes now proposed are not as happy as the minister indicates?

Mr. Abbott: We shall watch the situation fairly closely. The principal complaint I have received about the plastics schedule is as the result of an import reduction in the type of plastics known as phenol plastics for making laminated board, bakelite and that sort of thing. I have concluded, as I say, that those fears are not too well founded, but we shall

have to see. This recommendation represents the considered view of the tariff board. As the committee knows, the board has recommended some reductions and some increases, and the reason is that this is a very complex field. Technical processes have been changing over the last ten or fifteen years since the tariff schedules were written with respect to it.

I do not know whether any hon. members have seen the editorial in the most recent issue of the magazine *Canadian Plastics*. I do not want to take the time of the committee to read the whole of the editorial, but perhaps I shall read one paragraph from it. It says:

> We have had a chance to read the copy of the report of the tariff board re the plastics industry, and in the opinion of your editor, it is perhaps one of the most credible documents ever compiled on any industry, by any board, at any time.

I shall leave out the next paragraph which refers to the members of the board, and then the article continues:

> It is impossible for any board on tariff matters to recommend a course which will not cause a "backbite" from certain individuals who might be adversely affected. Undoubtedly, this report will have its hecklers.
>
> Albeit . . . but when the report is read, digested, analyzed and finally comprehended in its full intent . . . there will be few . . . if any at all . . . who will refute the fact that the board was interested only in fostering the most healthy national development of the plastics industry in all its phases.

That is in general terms, but it does give some indication of the appreciation of the report and recommendations which have been made by the board.

Mr. Fleming: Would the minister deal with the other point I raised, as to the possibility of our hands being tied by our present international agreements should it be found that the effects of the present changes are not as expected.

Mr. Abbott: I did not fully appreciate the import of the hon. member's question. We can go back to where we were before the introduction of this measure. Nothing we do in this measure will tie our hands so far as reverting to our former position is concerned. I think that answers what the hon. member had in mind.

Mr. Macdonnell (Greenwood): Will the minister say a word about the situation which exists as between the United States administrative officials, who are actually carrying out the tariff measures, and those in charge of government policy? We have been told from time to time that it is very difficult to get the administrative people to carry out the intention indicated by the government. We are often told that, by delays running into weeks or even months, they impose what is in effect something much more effective than a tariff. Can the minister indicate the situation in that regard?

While I am on my feet I should like to ask him to deal with this in his answer. There are a good many indications that United States business is becoming more tariff-minded than it has been for years. For a good many years, at any rate, we have been happily freer than we were before from tariff considerations, but I understand there is now evidence of a considerable return on the part of business to the authorities who have these matters in hand, asking for tariff assistance. Perhaps the minister would deal with this question.

Mr. Abbott: On the first point, I assume the hon. member is referring to the United States customs administrative practice, and not to our own. I have never heard any serious—

Mr. Macdonnell (Greenwood): I am sorry I did not make it clear. I referred to the United States.

Mr. Abbott: Over the years there has been a good deal of difficulty arising out of what might be described as the rather rigid restrictive administrative practice under the United States customs legislation. For some time there has been before congress a customs simplification bill which, I am told, is making good headway. There is a better than reasonable prospect that it will be adopted in the very near future. When it is we have reason to believe that this practice, which the hon. member has indicated amounts to almost a concealed discretionary tariff, will be improved.

As to the other question, the committee may have seen that on one or two recent occasions when making speeches in the United States—although the member for Eglinton does not like me to do it—

Mr. Fleming: It's all right at the right time.

Mr. Abbott: —when making speeches in the United States to groups of businessmen there I have expressed some apprehension about what I conceived to be a certain resurgence of protectionist sentiment in the United States. I do not believe for a moment that it represents the majority opinion in the United States, but such things as the rider that was attached to the defence bill putting a quantitative restriction on cheese imports, the increasing number of applications to the tariff board for increases in tariffs and that sort of thing, indicate that the protectionist sections of the United States are once again attempting to get increases in tariffs. I do not believe they

will succeed. I took occasion, under the circumstances to which I have referred, both in Washington and the mid-west, to issue a friendly warning against what I believed would be the unfortunate consequences if such a policy were followed. Further than that I do not think I should go at the moment.

Mr. Macdonnell (Greenwood): What is the situation in regard to cheese?

Mr. Abbott: There is a measure before the United States congress, sponsored by the administration of course, to repeal that provision. There is a reasonable chance that it will be successful.

Mr. Murray (Cariboo): May I suggest to the committee that the lower the tariff imposed upon glass and these similar products, the better it will be for the people of Canada. The poultry industry is a great user of glass, and out in the west glass is very essential in home building. The use of these newer windows, the idea of letting the sunlight into the homes, calls for more and more glass. I suggest that the minister consider lowering the tariff on glass to the very lowest limit so the people of Canada can get large supplies from those people who can produce glass very cheaply. It means a great deal to the health of Canada, and I shall point out to the minister also that in the time of Henry VIII there was a tax on window panes—

Mr. Knowles: Did he live in a glass house?

Mr. Murray (Cariboo): If I did I would not throw rocks, like the hon. member. There was a tax on window panes, and we smile at that and think it is ridiculous; yet in 1952 our friend is seriously advocating the idea of putting a huge tax on any glass window that goes into a house in western Canada.

Mr. Macdonnell (Greenwood): I should like to ask the minister or the Minister of National Revenue what the up to the minute news is on dumping. I know the Minister of National Revenue made a statement a short time ago, and it read all right in *Hansard* but I do not think it convinced the boys back home. I ask the minister if he feels he is on top of some of the devious means which are used by means of intermediary companies, and by means of, shall we say, rather fictitious sales or not typical sales in the United States, to get goods in here at an entirely unrealistic rate and thereby create a situation which is very hard on our own businessmen?

Mr. McCann: Mr. Chairman, I believe I made a statement earlier in the house which still holds good. So far as the investigations which have been made by the Department of National Revenue are concerned, there is no dumping in this country within the meaning of the act. If goods are sold in the country of origin at a fair market value and they come into this country, then that is the invoice on which customs duty and sales tax are charged.

Prior to the war we had in the Department of National Revenue investigators or appraisers who made it a point to look into the imports which came into this country from foreign countries, and they were able to give us a fair appraisal of what was the fair market value in the country of export. Recently in the department, as far as one commodity is concerned, textiles, we have had the services of an up-to-date appraiser in that particular line of goods, and we have made arrangements for the appointment of four or five others, who will give appraisals of the cost of the goods in the country of export.

I do not feel that more needs to be said at this time. Perhaps that answers the hon. member's question as to what constitutes dumping.

Mr. Macdonnell (Greenwood): I do not want the minister to think I am being critical, because I know this is a very difficult job; but when he says there is no dumping I think he is a little optimistic, though of course he goes on and says no dumping within the meaning of the act. I know the sense in which he says that, but again let me say that there are a lot of people who find that what is actually going on is unsatisfactory; and it is unsatisfactory for one of two reasons: Either they are able by legal devices to legally get around the act, which there is considerable reason to believe is happening in certain cases; or it may be that the minister's investigations as to fair prices in foreign countries, however well intentioned and however sincerely made, are not adequate.

I should like to have a little more information as to just how these investigations are made. For example, I am told that a company in the United States that wishes to get rid of a surplus product will adopt ingenious methods of making sales, genuine enough sales, at prices which are artificially lower, for a certain area in the United States, an area broad enough, so it is suggested to me, to satisfy an investigation made by our department. Therefore the argument is that company A, a large company which wants to dump its products, will sell in a certain area in the United States at a lower price. They will then provide evidence whereby they will

satisfy the minister's agents that the price which is being quoted in that area is a fair price; but in fact, if you look at the essence of the transaction, as represented to me, it is not a fair price, because they are selling at an artificially low price in a comparatively small area in order to establish a low price.

Will the minister say a little more as to the method of investigation? How many sales does it need to establish a price? How widespread do these sales have to be? Would two sales in one American state, for example, establish a price; because I understand these special prices are quoted in fairly large areas, let us say a whole state. Perhaps a large state will be treated in that way. Will the minister say something on that?

Mr. McCann: As far as the investigations made by our auditors in exporting countries are concerned, I might say that they are very thorough, considering the staff we have; and we have had no objections on the part of manufacturers or exporters to Canada, particularly in the United States, to giving us all the information which we require. That inquiry is made over the territory in which the particular line of trade is carried on. For instance, if it is in the textile industry, the hon. gentleman probably knows that the chief points at which textiles are made in the United States are upon the eastern seaboard and down in the northern central states; at least, that is where most of the exports come to Canada from.

The investigation is widespread in all the mills in those particular districts. We do not take as the price at which these goods are invoiced the price for any one particular sale. We take it over a series of sales over a certain period of time. That period may not be specific, but it is over a length of time. For instance, in the textile industry there are certain things that affect it. For instance, there are climatic conditions, differences in style and all that. Manufacturers of women's summer dresses in the United States probably have them ready for the trade by January 1 for people who can afford to buy them and want to go to Florida or California. They sell those dresses to their own trade perhaps two or three months later. Naturally they can be bought earlier. These same styles, as the hon. member for Hamilton West would know, across the line are probably in vogue in Canada somewhat later on in the season. All these things have to be taken into consideration in the establishment of what is known as a fair market value; and a fair market value is a value at which these goods are sold in the country of origin under comparable conditions and to the same type of people in the trade.

What I mean is, you get the retail price and you get the jobber's price, and you get the manufacturer's price. If a jobber in the United States is selling to a jobber in Canada, then it would be the jobber's price that would govern. If somebody goes over there and brings back half a dozen dresses, then it is the retail price that governs the invoice. I want to repeat that after thorough investigation of the invoices of different types of commodities that come into this country we have not been able to find evidence of dumping.

Just recently an order was passed having to do with what is known as fixing the value. That has to do with furs, particularly muskrat and rabbit skins, that come into this country from Russia. We have hesitancy in fixing the values of that country because we do not do an awful lot of trade with them and they are not members of the GATT. Under that agreement it is the most-favoured-nation tariff that works, and a country like Russia would come under the general tariff.

I do not know that there is any further explanation I can give, except to restate that we have augmented our appraisers, and in the department we engage the services of people who are expert in the particular line of business. For instance, the people who put valuations on textiles are textile-trained people.

Mr. Lennard: They were not a few years ago.

Mr. McCann: I am talking about now.

Mr. Lennard: You had a hardware merchant on that.

Mr. McCann: Probably it is the government of from 1930 to 1935 that the hon. member has reference to.

Mr. Lennard: No, it was not.

Mr. McCann: That does not obtain at the present time.

Mr. Lennard: It did in 1940.

Mr. McCann: Our textile appraisers are versed in the textile business. The people who make the appraisals on machinery that comes in here know the machine business, and so on along the line; so we are in a position, with the experience of these people and with the information we get now from the exporters in the country of origin, to determine what are fair market values for imports.

As I said in the remarks I made in the budget debate last year, there were attempts at dumping into the country; but by raising the invoice price and collecting the tariff on that, and the sales tax on top of that, we

took in over $1,500,000 in tariff alone on goods that were shipped into Canada in which there was an attempt to dump. But dumping into Canada has not been carried out successfully.

Mr. Macdonnell (Greenwood): The minister began to say a word about the situation when we are dealing with countries behind the iron curtain, but he did not discuss the matter in detail. I should like to know more about how we arrive at prices, for example, in Czechoslovakia and other countries. How does the department arrive at a fair market value?

Mr. McCann: I will admit we have difficulty in getting information from countries behind the iron curtain. At the present time negotiations are under way between the Secretary of State for External Affairs and representatives of Czechoslovakia to see if they would admit our officers into their country to find out the costs of their manufactured articles.

Mr. Macdonnell (Greenwood): When the minister says he has had difficulty does he mean he does not get the information?

Mr. McCann: That is right. I said we have difficulties; but I wish my hon. friend would not try to misconstrue my words. If he would just listen—

Mr. Macdonnell (Greenwood): I just asked a question. The minister need not be so touchy.

Mr. McCann: I am not touchy at all. I am the least touchy of anyone here.

Some hon. Members: Oh, oh.

Mr. McCann: Laugh, if you like; it is just like water off a duck's back so far as I am concerned. But I said we were making attempts to do it and I admitted immediately that we have not been successful. But that does not deter us from continuing in our efforts to achieve the objective we would like to attain.

Mrs. Fairclough: That being so, I submit the fair market value prevalent in Canada should be the determining factor, if we have any difficulty whatsoever in procuring evidence as to the fair market value in the country of origin.

The Deputy Chairman: Shall section 1 carry?

Mr. Macdonnell (Greenwood): No, we have not yet had an answer.

Mr. Abbott: That was an assertion, not a question.

Mr. McCann: It is spelled out in the statute. It is the fair market value in the country of origin.

Mr. Abbott: I have had occasion to say it before, but I shall say again that Mr. Fielding introduced in 1909, 1910 or 1911 provisions in the tariff respecting dumping, and those have been the bible of Canadian manufacturers since that time. The provision is that the dumping duty shall be the difference between the fair market value in the country of origin at the time of export and the price at which it is invoiced. That is the statute. I think it would be found in the manufacturing side of the industry that there would not be too many people interested in tampering with that statute.

Mr. Macdonnell (Greenwood): Would the minister say something as to the program now before the tariff board? There is a broad situation being reviewed, and I think it might be of interest if we were told about it.

Mr. Abbott: I have made one or two references to the tariff board, but offhand I do not recall just what they were. Of course the tariff board is continually occupied with its statutory responsibility of hearing appeals from importers or others who feel that the tariff is not properly interpreted, or some other question appealed to the tariff board from a decision by the Department of National Revenue.

The tariff board has cleaned up these matters. The committee will recall that in my budget I recommended a small increase in shot and grit, for the reasons there stated. I thought I should consider the matter further before acting upon it. That is shot and grit used in the manufacture of castings.

Mr. Fleming: There will be less Grit after tonight.

Mr. Abbott: I was wondering whether my hon. friend would wish to make one of his witticisms.

Mr. Macdonnell (Greenwood): As we look at the international trade situation, would the minister state whether there is any likelihood of further trade conferences, or if we have caught our breath since the last one. What is the situation?

Mr. Abbott: There is no immediate prospect of any further conferences, such as those at Geneva, Torquay and Annecy. The field appears to have been pretty well exhausted for the time being. In view of the fact that this is a presidential election year in the United States, and for other reasons, I doubt whether there is any immediate prospect of any further general conferences of that kind.

As my hon. friend will recall, the agreements run until the end of 1953. Of course the whole situation will have to be examined prior to that time.

Section agreed to.

Sections 2 and 3 agreed to.

Schedule agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read a third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Bill read the third time and passed.

DOMINION SUCCESSION DUTY ACT

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 208, to amend the Dominion Succession Duty Act.

Mr. Macdonnell (Greenwood): Does the minister propose to say anything now, or in committee?

Mr. Abbott: There is very little I can say on the motion for second reading. As I indicated in my budget speech there are no major questions of substance in this bill. The principal provisions, as will be seen, are to correct drafting inaccuracies and anomalies which have been shown up as a result of the experience of the last few years.

As I said in my budget speech I am hoping, if time permits, that it will be possible to do a major job of revision on the Dominion Succession Duty Act, now that we have had experience with it for a few years. However, it was not possible to do it this year.

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

On section 1—*Definitions.*

Mr. Macdonnell (Greenwood): Would the minister give us a brief history as to the yield of the tax.

Mr. Abbott: I shall try to get that information in a moment. I do not have it readily available. It will be noted that section 1 is purely a drafting amendment. We are simply substituting "Income Tax Act" for "Income War Tax Act", which was in the original bill. We are merely taking advantage of having opened up the act to correct that. My colleague the Minister of National Revenue has the revenue statistics with him and will be able to give that information.

Mr. McCann: The collections for succession duties in 1951, the last year for which we have statistics, were $33,599,089.

Mr. Macdonnell (Greenwood): Has the minister figures for any previous years?

[Mr. Abbott.]

Mr. McCann: In 1950 they were $29,919,000; 1949, $25 million; 1948, $30 million; 1947, $23·5 million.

Mr. Herridge: Last session the Dominion Elections Act was retitled "Canada Elections Act." Why was one act treated in that way when this act is still left as "Dominion Succession Duty Act"? Can the minister tell the house what is the government's policy in that respect.

Mr. Abbott: I am grateful to the hon. member for calling the matter to my attention. I think it would be quite proper to change the title of this act. The general policy has been that where an act is opened up and the descriptive word is "dominion", that word is changed to "Canada". It was simply an oversight on my part that that was not done in this case. Perhaps we can take care of that next year when we are dealing with the general revision.

Mrs. Fairclough: Further to the remarks I made during the debate on the budget, may I say that I have been very interested in what this bill might provide. I recognize the difficulties under which the minister is labouring in presenting these amendments and I appreciate also that an over-all revision of the act is imminent. Nevertheless I want to take advantage of this opportunity to urge upon the minister once more that when the major revision is under consideration he give attention to the incidence of double taxation which has occurred in the past in connection with such cases as I mentioned before. I shall not go into them again, but inasmuch as the revision of the act is under consideration and plans are being made to that end I hope this matter will be taken under consideration and not overlooked in the general revision.

Mr. Abbott: I should indicate that consideration was given to this. My parliamentary assistant told me that my hon. friend had raised this question. The present provisions of the law covering the taxation of pensions have been developed after a great deal of consideration. We have had a number of representations along the lines of the suggestion made by the hon. member for Hamilton West. They have been studied, but it is considered that the present law is a fair and workable arrangement for handling a very complicated part of any tax system.

When a widow is in receipt of a pension she is regarded as receiving the right to income which may be valued having regard to the terms of the pension and her life expectancy. It is considered fair that such value be part of the estate for succession duty

purposes because an equivalent value of property to provide a similar income for the widow would be liable for succession duties. When the widow receives income, whether from a pension or in any other form, she is subject to income tax in the same way as any other taxpayer. However, that point will be further considered when the act is under general revision.

Mrs. Fairclough: There is only the fact that with the application of the succession duty to the value of the pension the net income to the widow is reduced in the first instance. Then when income tax is applied on subsequent income from the estate, whether it be from a pension or from other property, there is a type of double taxation which I would urge the minister to study very carefully when the act is being amended.

Mr. Fleming: May I ask the minister if in connection with the revision of the act consideration is being given to the present so-called "notch" provision, and whether the government will consider applying an exemption of $50,000 instead of simply exempting estates under $50,000. I do not think I need to enlarge any further on the subject. It has been discussed here before.

Mr. Abbott: I am aware of the situation.

Mr. Fleming: There are many complications as a result of this present provision. I shall not enlarge on it, but I do hope the matter will be given serious consideration.

Mr. Abbott: I think every aspect of the act will be considered.

Section agreed to.

On section 2—*Marriage consideration.*

Mr. Macdonnell (Greenwood): Has the minister considered whether the community property law in Quebec as between husband and wife may have any effect on this section?

Mr. Abbott: I do not think the community law provisions would enter into this section. This is a loophole section. We had a decision in the province of Quebec which interpreted the section of the act as it now stands in a way it was felt parliament never intended it to be. As the explanatory note points out, this amendment together with the amendment to section 8, which is carried out by section 4 of the bill, we believe will make it quite clear that property transferred or agreed to be transferred in consideration of marriage will be exempt from succession duty only if such transfers or settlements were actually executed or fulfilled more than three years before the death of the deceased.

The general rule is that such transfers must be effected within a certain time limit if they are to escape the provisions of the act. This amendment is to make clear what it was thought had been made clear in the original act, but which the courts held had not been made clear. I do not think the community rights in the province of Quebec will be affected in any way.

Mr. Macdonnell (Greenwood): What is the relative situation in the various provinces? Are there different provisions for different areas?

Mr. Abbott: The general rule is that a conveyance, whether as a result of a marriage contract or a gift or anything else, must have been made more than three years prior to the decease in order to not be included for succession duty purposes.

Mr. Macdonnell (Greenwood): Is that a general provision?

Mr. Abbott: That is the general provision which applies to all transfers throughout Canada. If they are to avoid the application of death duties they must be made a certain period of time prior to the decease. Transfers within that period of time are by law deemed to be made in contemplation of death.

Section agreed to.

On section 3—*Where gift tax already paid.*

Mrs. Fairclough: In this section, and also in section 7, there is no mention of a time element. Will the minister say whether it is intended to go back over any number of years to reclaim a duty which might be imposed in excess of a gift tax which had been levied at the time the gift was made?

Mr. Abbott: I am informed that if anything which is subject to gift tax is also subject to succession duty, then there is no limit as to time. The only change made in this particular subsection, as my hon. friend appreciates, is to add the words "the Income Tax Act".

Mrs. Fairclough: Of course that is true, but does it not seem unfair that there should be no time element on gifts of that nature?

Mr. Abbott: It is a purely relieving measure. In other words there is never a double tax. If the gift tax has been paid and succession duty becomes payable with respect to the same property, then the gift tax is offset against the succession duty to the extent that it should be.

Mrs. Fairclough: The gift might have been ten or twenty years ago.

Mr. Abbott: That may be, but so much the better for the taxpayer. He gets the benefit.

Mrs. Fairclough: In that event is the gift valued at its valuation at time of gift or is it valued at the valuation at time of death?

Mr. Abbott: Offhand I do not know what gift made twenty years ago would be subject to succession duty—

Mrs. Fairclough: Real estate.

Mr. Abbott: —because the Succession Duty Act did not come into force, so far as the federal government is concerned, until 1942, and of course any gifts made prior to that time are not affected in any way.

Mrs. Fairclough: There might be a great difference in the valuation of a gift within that time, particularly if the gift was real estate or securities.

Mr. Abbott: But the valuation for succession duty purposes would be made at the date of death, and if the gift had been made ten years before—

Mrs. Fairclough: It does not seem right. Suppose the deceased made a gift of a house valued in 1942 at $5,000. Any house valued at $5,000 in 1942 is worth almost three times as much today. Do you mean to say that, although the gift tax was paid on the $5,000, at the time of decease the estate would have to pay succession duties on $15,000?

Mr. Abbott: On the facts as my hon. friend has put them, there could be no succession duty whatever payable today on gifts made in 1942. It is now 1952. Unless there was some reservation of interest I would say there could be no succession duties.

Mr. Fleming: The gift would have been made more than three years ago.

Mr. Abbott: It would have been made more than three years ago.

Mrs. Fairclough: There is no mention here of the three year limit.

Mr. Abbott: That is in another section.

Mrs. Fairclough: It is covered.

Section agreed to.

Sections 4 and 5 agreed to.

On section 6—*Allowable deductions.*

Mr. Fleming: Would the minister enlarge on the change proposed to be made by this section? The note indicates that the amendment provides for deduction from the dominion duty to the extent of all the duty imposed by a province or provinces or one-half of the dominion duty, whichever is the lesser, in respect of all property which has been subjected to duty by both the dominion and a province or provinces. I suspect that the gist of the change is in those concluding words. Would the minister enlarge on that, particularly in the case of a gift made four years prior to death where it is not included in the estate for purposes of dominion succession duty because it was made more than three years before the date of death, but would be included in the estate for provincial succession duty purposes because it was made within the five year period before death?

Mr. Abbott: There would be no credit in that case, no double tax.

Mr. Fleming: It is not a question of double tax. It is a question of whether the dominion allows as a deduction one-half of the amount paid. I take it in that case the dominion would not allow one-half the amount paid but only one-half the provincial tax on that portion of the estate which would be taxable under the Dominion Succession Duty Act.

Mr. Abbott: That is correct.

Section agreed to.

On section 7—*Fair market value.*

Mr. Dickey: Would the minister explain the effect of this section so as to indicate what the situation would be in the case of a private company, the owner of the company not having taken advantage for a period of two or three years of section 95A of the Income Tax Act, having accumulated undistributed profits in the company, and then dying? Would the effect of this amendment be to have the successor pay the succession duties on the undistributed profits, a part of which would eventually be paid over in the form of income tax by the company or by the successor?

Mr. Abbott: In reply to my hon. friend's question, that is one of the reasons section 95A was introduced. It was realized in the case of certain private companies, where earnings had been allowed to accumulate and had not been distributed or reinvested in the business, that upon the death of the shareholder the value of the shares would include capital in the company and the accumulated profits. In order to get those profits out they would of course, when distributed as dividends, be subject to income tax. It was for that reason section 95A was enacted. This amendment is to spell out in our act, as I know it is spelled out in the Ontario act, the provision that under such circumstances no account shall be taken of a possible liability for income tax when profits are distributed. For obvious reasons I think that could not be taken into account because the amount of income tax which would be payable would depend upon the bracket in which the individual shareholder happened to be, what other income he had, and so on. Therefore there is a means now available in the law to enable people

in that position to protect themselves against excessive liability for both succession duties and income tax.

In answer to my hon. friend's question, it is and always has been the law that the fair market value must include whatever is in the assets of a company at the time of death and that no account shall be taken of any potential income tax liability.

Mrs. Fairclough: Why was this clause necessary? Were there certain circumstances under which the income tax payable was deducted twice?

Mr. Abbott: There was a case in one of the provinces, I believe British Columbia, where it was held that might be the result of our law as enacted at the present time. This section is putting into our law what I know is in the Ontario law.

Section agreed to.

Section 8 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

EXCISE ACT

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 207, to amend the Excise Act, 1934.

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

On section 1—*"Spirits."*

Mr. Macdonnell (Greenwood): Will the minister give us an expert opinion as to just what the effect of this change of wording is?

Mr. Abbott: I am not an expert in the material which is included in this section; but I think the explanatory note indicates clearly the purpose of the section. It is as follows:

> The purpose of this amendment is to require that the provisions of the Excise Act in respect to alcohol shall be applicable to all spirits produced whether by the ordinary process of distillation or other means.

I am informed that, as is indicated in the explanatory note, this definition has been contained in the schedule for some years and is now being merely transferred to the definition section of the act.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On section 6—*Offences for sale of spirits unlawfully manufactured, etc.*

Mr. Fleming: I have one question on clause 6, under subsection 3 of section 169. This is the subsection which applies to the forfeiture of vehicles in which are found spirits which are sold or offered for sale and which have not been lawfully manufactured or lawfully imported and so on. I should like to ask the minister whether any consideration is being given to some review of the provisions of the act generally in regard to the forfeiture of vehicles. I think there must be a good many cases in which the innocent owner of a vehicle has been grossly imposed upon by someone who has taken advantage of him for the purpose of obtaining transportation for goods of this kind. The same thing applies to tobacco which has been unlawfully manufactured or unlawfully imported.

The sections of the act at present are extremely severe, it seems to me, with respect to forfeiture in these cases. As long as there are such sections on the statute books I presume the officials concerned are not going to have a free hand in these matters; they are going to feel obliged to proceed with severity as long as the terms of the statute themselves are severe. I should like to ask the minister whether consideration is being given or study is being applied to the provisions of the act generally with reference to the forfeiture of vehicles. I am satisfied that there are innocent owners of vehicles who are imposed upon by people who are found to be carrying goods unlawfully imported or unlawfully manufactured.

Mr. Abbott: As my hon. friend appreciates, this section relates only to spirits which are taken from bonded premises and which are sold.

Mr. Fleming: I appreciate that. My question was with respect to subsection 3 of section 169, and to forfeiture generally.

Mr. Abbott: My hon. friend is probably thinking of the fellow who innocently carries in his car a few cigarettes that have been brought in from outside Canada.

Mr. Fleming: When the passenger in his car has cigarettes in his bag of which the innocent owner of the car is not aware. There are cases where innocent owners of vehicles are imposed upon by their passengers.

Mr. Abbott: I am informed that the number of innocent victims of that kind is comparatively small and that such cases are rare; and that in any case where it is established that they are innocent, the minister takes steps by proper remission to release the car. I am told that no consideration has been given to relaxing the provisions of the law with respect to seizures. In view of the assertions that have been made in the

House of Commons as to the increase in smuggling in certain products, I think it would be unwise at this time to relax the provisions of the law which provide enforcement officers with a reasonable opportunity of enforcing the law.

Mr. Fleming: Perhaps you will have to find a better means of dealing with the problem.

Mr. Macdonnell (Greenwood): With the consent of the committee, Mr. Chairman, I should like to revert to section 5 for a moment in order to ask the minister this question. What is the significance of the reference to the Unfair Competition Act, and what is the necessity for reserving this discretion with regard to the form and wording?

Mr. Abbott: There is no change in this section except for the words "and the Food and Drugs Act".

Mr. Macdonnell (Greenwood): I realize that.

Mr. Abbott: I am afraid I am not in a position to answer that question, but I will see what information I can get from my officials. I am told the purpose of the amendment is to inform the people who are in the business of packaging and so on that there are these three acts to be considered.

Mr. Macdonnell (Greenwood): While I appreciate that it is not a change in the act, will the minister indicate what is the practical need for the reservation of a discretion in the minister as to form and wording? Does that in fact take place?

Mr. Abbott: I am told it is meant to ensure that no false and misleading statements are made on the label which is put on these products.

Section agreed to.

On section 7—*Penalty.*

Mr. Macdonnell (Greenwood): Before we pass clause 7, Mr. Chairman, I want a chance to look at it. This is of assistance to the ordinary private citizen, apparently. Is the minister coming to his rescue and trying to—

Mr. Abbott: This is homebrew. The former definition did not cover the man who made beer out of extracts or other synthetic products.

Mr. Macdonnell (Greenwood): Apparently if you press this wording strongly, a man cannot make beer for himself alone. It has to be for himself and his family. Would that be the interpretation of the wording?

Mr. Abbott: I am told that he can make application to the collector and get permission to make beer for his own consumption, but he must not get into the commercial field. I have never tried it myself.

Section agreed to.

Sections 8 to 12 inclusive agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

EXCISE TAX ACT

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 206, to amend the Excise Tax Act.

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

On section 1—*Furs.*

Mr. Fleming: Mr. Chairman, it is a pleasure to welcome a bill that makes reduction in taxes. I should like to ask the minister a question on this bill in general, with reference to the 1952 increases applied under the Excise Tax Act.

Mr. Abbott: 1951.

Mr. Fleming: I refer to the increases in rates from 15 per cent to 25 per cent. Are all those increases with respect to all commodities to which they applied now removed by this bill?

Mr. Abbott: That is correct, they are all reduced from 25 per cent to 15 per cent.

Mr. Fleming: The other part of my question is with respect to taxes which last year were introduced at the rate of 15 per cent on the commodities then designated. Is that 15 per cent tax now removed with respect to all the commodities on which it was applied by the 1951 amendment?

Mr. Abbott: That is correct.

Mr. Murray (Cariboo): I believe the minister made some comment earlier in the evening regarding Russian furs which are a menace to our northern trappers. I understand they reach the Canadian market, and I wonder if this section would not be of assistance in that respect?

Mr. Abbott: That was with respect to custom duties on Russian furs. My colleague the Minister of National Revenue indicated that with respect to those importations fixed valuations were being applied for customs duties purposes.

Mr. McLure: Is this 15 per cent tax on raw furs or processed furs?

Mr. Abbott: On processed furs.

Mr. McLure: I want to know who places the market value on them.

Mr. Abbott: I am informed that usually the value taken is the invoice of the purchaser to the dresser and dyer, but if the officers of the Department of National Revenue have reason to believe that is not the fair value they may put an appraised value on them.

Mr. McLure: The reason I mention this is that I have an invoice which was made out just before this amendment, and it shows that a lady purchased a silver fox skin for $10. Then she sent it to the processor, but the government would not accept the valuation of $10, for which she had a receipt. The government officials valued the skin at $24, and the 25 per cent tax was then imposed upon that valuation. I have always argued that the government had no right to put a tax on the raw skin, but that is overcome by saying that the skin is going to be processed and when it is processed it is not a raw skin. This lady was charged $6 on this skin. When the article was made up she had paid the government $14.40 in taxes, which was nothing less than pure robbery.

I used a stronger word the other day and the minister took me up on it by letter. I used the word "gyp" so this time I used the word "robbery", which is not so strong. Why should the government put a different valuation on the skin which is sent in to be processed when a person has an invoice for $10. They charged her the tax on their valuation of $24, and I want to know whether or not an invoice should be accepted?

Mr. Abbott: It usually is. The law requires that the tax be imposed on the current market value. If the invoice is for less than the current market value, then the skin has to be appraised at what is, in fact, the current market value.

Mr. McLure: I think there should be some definition of "market value". If it is going to be the market value, then why should it not be the price which this lady paid for the skin? I do not think the government or any of its officials should say that it should have been a higher price. When the lady received the article for which she had paid $10, she found that she had to pay the government $14.40, so she said she would not take it. If the government had taxed her on the $10, as they should have, then it would have made quite a difference.

Mr. Blackmore: While we are on that subject, will the minister state by what criterion the government does determine the market value?

Mr. Abbott: It is set out in the law, and I shall be glad to inform the hon. member of it. The regulation reads:

> The "current market value of furs" referred to in subsection 1 of section 80A of The Excise Tax Act, means in addition to the cost of the raw furs to the owner, all costs of freight, cartage, exchange in effect on the date of shipment, insurance, royalties and duty for delivering the furs to him, and in addition, the charges for dressing and dyeing.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—*Repeal.*

Mrs. Fairclough: This is the section, I believe, which covers automobiles, is it not?

Mr. Abbott: That is correct.

Mrs. Fairclough: I should like to speak about the situation which arose with the reduction of the tax, as related to automobiles which were in the hands of dealers under consignment contracts, upon which the department insisted on collecting the tax despite the fact that a legal contract had been drawn and the cars had been shipped by the manufacturer and were on the premises of the dealers. I understand that the department's attitude was that the goods having moved out of the manufacturer's warehouse and into the premises of dealers, that constituted delivery. I should like to draw attention to the fact that at this time the dealers were well stocked up with cars, and on the other hand the manufacturers had more cars on hand than they had space in the warehouses. This situation was the subject of considerable discussion between the manufacturers and the dealers.

With a budget imminent and the knowledge that it was quite likely something would be done about the tax, the dealers were very reluctant to take delivery of automobiles. In an effort to relieve the congestion at the manufacturers' warehouses these contracts were drawn, and in good faith the dealers took delivery of cars which they placed in warehouses. This contract was not recognized by the government, and I submit that it was wrong to assess the dealers a tax on property which they had not legally acquired. The contract had been drawn up and legally executed, so it should have been acknowledged by this government. I submit that it is wrong, and that these dealers have been subjected to a hardship.

Mr. Abbott: The matter is one of some concern. It is a question of law, and was brought to the attention of the Department of Justice. One company in particular, General Motors, did this consignment. The Department of Justice gave the following

opinion, and this is the deputy minister of justice speaking:

> I am of opinion that the agreement entered into between General Motors and its dealers is an agreement to sell and, consequently, the dealers are purchasers under the agreement.
>
> Excise and sales taxes under sections 80 and 86 of the Excise Tax Act are payable at the time of delivery of the goods to the purchaser and I am of opinion, therefore, that the taxes are payable in this case when the goods are delivered by General Motors to its dealers.

In the light of that opinion the Department of National Revenue had no option but to collect the tax. The other companies evidently had some doubt as to the legality of the procedure and did not adopt it.

I appreciate the position the dealers were in, and I indicated to one who came to see me the other day that if in their opinion the Department of Justice were wrong, then they should lodge an appeal. We would facilitate a test case, and if the opinion of the Department of Justice were overruled, and it was held that no tax was legal, we would be very happy to make refunds. Whether or not that is going to be done I do not know.

Mrs. Fairclough: The difficulty is that by the time the dealer takes his case to court he will probably spend as much in legal fees as he would save in tax.

Mr. Abbott: I think General Motors ought to look after the case for him.

Section stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue in committee with Bill No. 206, to amend the Excise Tax Act. Then we will take up Bill No. 205, to amend the Income Tax Act; Bill No. 275, to amend the Canadian Farm Loan Act; Bill No. 276, to amend the Tariff Board Act; Bill No. 277, to amend the Canada Elections Act; Bill No. 245, respecting the establishment of a national library; Bill No. 246, to amend the Canada Grain Act. Then we will go into supply, call one new department, and take up the estimates of the privy council.

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

HOUSE OF COMMONS

Tuesday, May 27, 1952

The house met at three o'clock.

NORTH ATLANTIC TREATY

SIGNING OF THE NATO-EUROPEAN DEFENCE COMMUNITY PROTOCOL

On the orders of the day:

Mr. L. T. Stick (Trinity-Conception): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. Could the minister make a statement on the signing of the agreements concerning Germany yesterday and today, and how it affects Canada—if Canada is affected. I regret that I have given the minister only short notice.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I shall be glad to make a short statement on this important question of the signature of certain documents in Bonn yesterday and in Paris today, and their effect upon this country.

Today in Paris members of the North Atlantic Treaty Organization signed a protocol to extend the guarantees under article 5 of the treaty to the European defence community. The protocol was signed on behalf of Canada by Mr. A. D. P. Heeney, the permanent representative of Canada on the North Atlantic council.

Hon. members will recall that on March 21, when reporting on the Lisbon meeting of the North Atlantic council, I mentioned the approval in principle by the council of this extension of security guarantees, which means in fact that, if the international undertakings are all ratified, our guarantees will cover the territory of the Federal Republic of Germany and the forces of the Federal Republic serving in the European army when in the area covered by the North Atlantic treaty. The European defence community, for its part, gives a reciprocal guarantee to NATO. In other words, the European army, of which German forces will form a part, will be available for NATO defence in western Europe and, in fact, will come under NATO command.

The exchange of guarantees will be brought about by the ratification of a series of agreements. If hon. members will permit, I should like to mention the various related agreements, for although Canada is a party to only one of them, all these undertakings bear on the final result.

The first group of documents are commonly known as the contractual arrangements, and consist of agreements between the three occupying powers—France, the United Kingdom and the United States of America, on the one hand, and the Federal Republic of Germany, on the other. They are designed to replace the occupation statute because Russian tactics in the four power conferences have prevented agreement on a formal German peace treaty. The effect of these peace contracts, which were signed in Bonn yesterday, will be to restore West Germany's autonomy except in certain limited spheres which are reserved to the former occupying powers.

Today the second series of documents, the European defence treaty and its related protocols, have been signed in Paris by representatives of France, Italy, Belgium, Luxembourg, The Netherlands, and the Federal Republic of Germany. The main purpose of this treaty is to establish the European army, to which each of the signatory powers will contribute forces. Canada is not, Mr. Speaker, a party to the European defence treaty and our forces in Europe will not form part of the European army. One of the protocols to the European defence treaty, however, extends the security guarantees of the treaty to the North Atlantic Treaty Organization, of which we are a member.

Also today in Paris, as I have just indicated, NATO members have signed the NATO protocol to reciprocate this guarantee. This is the only document in this rather complex series of international undertakings to which Canada is formally a party. If hon. members are agreeable, I would suggest that the text of this protocol, which is quite short but which is very important, be printed as an appendix to *Hansard*. These international undertakings are, as I have said already, subject to ratification and in due course, before ratification by Canada, indeed I hope during the present session, parliament will be given the opportunity for a full discussion of this NATO-European defence community protocol.

Hon. members may wish when we are discussing the NATO protocol to discuss the other related documents which I have mentioned. Of course, they will not be before the house for approval. Nevertheless, as they have an important bearing on our commitments under the NATO protocol, I shall

arrange for copies to be available to hon. members as soon as they can be obtained for distribution.

Mr. Gordon Graydon (Peel): May I ask the minister when it is expected that the legislative body of the West German republic will have this matter up for ratification?

Mr. Pearson: I do not know whether I can answer that question. It is hoped that these documents will be submitted to all the parliaments concerned with the least possible delay and that ratification will be accomplished before too long. When that will be is of course in the hands of the legislatures of the various countries.

(*For text of protocol, see appendix, page 2656.*)

EXCISE TAX ACT

The house resumed, from Monday, May 26, consideration in committee of Bill No. 206, to amend the Excise Tax Act—Mr. Abbott—Mr. Beaudoin in the chair.

On section 4—*Repeal.*

Mr. Fleming: Section 4 refers to schedules I, II, and III to the bill. On page 8, as part of schedule III, there is reference to the four drugs which were added last year to the list. In view of the interest of the house in what I would hope will some day be an extension of that list, I wonder if the minister would acquaint the committee with the experience thus far of the department in connection with the administration of the act in so far as these four drugs are concerned.

Hon. Douglas Abbott (Minister of Finance): The officials of the Department of National Revenue will be here in a moment, but so far as I am aware no difficulty has been encountered in administering the act with respect to those particular drugs. Possibly the Minister of National Revenue has some other information. He confirms what I have just said.

Mr. Fleming: I think the information which the minister has given to the committee will help to dissipate the fears which some hon. members seemed to have or which apparently were entertained by the government in connection with exempting drugs of this kind. Without proposing to launch into a debate on the subject may I express the hope that in the light of the past year's experience with these four drugs the government will give serious and early consideration to an extension of this list to include other similar drugs.

There are many people who are under a heavy burden of expense as a result of being required under medical advice to take certain forms of drugs constantly. Some of these drugs are exceedingly expensive and in the case of chronic sufferers who are under heavy expense it seems to me that there is a clear case for an extension of the exemptions in the field of drugs.

Mr. Macdonnell (Greenwood): I should like to place on the record a short memorandum dealing with the operation of the Excise Tax Act. I am not doing this in the hope that anything can be done at the moment but simply to have it on the record for consideration. It points out an anomaly which exists according to the way in which merchandising is done.

Under the existing sales and excise tax regulations, the base upon which taxes apply is the price at which the merchandise is sold by the manufacturer. This is known as the ad valorem method of tax calculation.

Under this method a tire manufacturer who sells a special brand tire to a tire merchandiser accounts for his tax on the basis of his selling price which probably takes the form of a cost plus a profit factor. The special marketer then does not pay these taxes on his selling and administrative expenses or on his profit.

The manufacturer that markets his own name brand tire must account for his tax on the higher price at which he sells his merchandise to his dealer trade and thus must pay the tax on both his selling and administrative expense and his profit.

Just what this differential might be in terms of cost plus tax would work out differently but it is our opinion that the special brand marketer is handed about a 5 per cent cost advantage over the standard brand marketer simply as a result of the method of application of tax to the basic buying price.

Thus by the means of use of tax application, the manufacturer finds it actually cheaper to market his products through a marketer who uses other than his own name brand and this seems most inequitable.

As I say, I place this on the record, not in the hope that it will be dealt with today but that it will be considered by the department in due course.

Mr. Abbott: I shall be glad to do that.

Section agreed to.

On section 5—*Coming into force.*

Mr. Abbott: There is a minor amendment to be made to paragraph 15 of schedule I which I will ask one of my colleagues to move.

Mr. Fournier (Hull): I move:

That item fifteen of schedule I of Bill No. 206, an act to amend the Excise Tax Act, be amended by adding after the words "in dry form," in the last line of the said item, the following words: "except where the mixture or product is advertised or sold for making soft drink beverages or imitations for sale."

Mr. Abbott: The purpose of this amendment is to make the application of the paragraph more clear and to remove any misunderstanding and doubt. Since the first reading of the bill representations have been made by the trade for some such clarification. The additional words remove the doubtful possibility of the tax being applied to mixtures or products which are purchased by soda fountains and other dispensers for the making and sale of soft drink beverages or soft drink imitations. I think the section as it now stands is probably adequate, but we have agreed to the section being amended by the addition of these words.

Amendment agreed to.

Section as amended agreed to.

Schedule I agreed to.

Schedule II agreed to.

On schedule III—*Foodstuffs.*

Mr. Gibson: I should like to indicate to the minister that we appreciate very much the consideration which the government gave to representations made by the logging and lumbering industry in British Columbia with regard to tires and tubes under section 411 (a). I am sure it will be a matter of great importance to the industry. On page 8 we come to the schedule having to do with marine and fisheries. I note in the first paragraph the following words:

> . . . articles and materials to be used exclusively in the manufacture, equipment or repair of such boats.

It becomes a matter of some concern whether the word "equipment" covers fishing equipment on fishing vessels.

Mr. Abbott: I am not sure what sort of equipment my hon. friend has in mind. I do not know whether he means spoons, gear, plugs and that sort of thing. If that is the case, it is not covered by this section. That is not considered as equipment of the boat itself.

Mr. Gibson: I see. The schedule also refers to rope and cordage of cotton, hemp, manila or other vegetable fibre. Has consideration been given to the inclusion of nylon fibre? That is a product that is coming into more frequent use so far as the employment of gill nets is concerned.

Mr. Abbott: I am informed that comes under the description, "other vegetable fibre".

Mr. Gibson: Not nylon.

Mr. Abbott: I am informed that is the case.

Mr. Pearkes: On page 7 of the bill there is a reference to nursery stock. Does that refer to plants, bushes and general horticultural nursery stock, or does it refer to animal stock?

Mr. Abbott: It refers to general nursery stock such as my hon. friend outlined in the first part of his question.

Mr. Pearkes: Horticultural.

Mr. Abbott: Right.

Mr. Knowles: Schedule III on page 8 includes certain drugs which were being discussed a moment ago by the hon. member for Eglinton and the Minister of Finance. May I remind the minister that when this matter was discussed on the budget resolutions his parliamentary assistant indicated that certain precise drugs were being studied to ascertain whether or not the list of exemptions might be extended to include them. The drugs set out in the schedule as it now reads include ACTH, cortisone, insulin and radium. The parliamentary assistant said, as recorded at page 1996 of *Hansard* for May 8, 1952:

> Some of the recent drugs which have been suggested for exemption include substitute blood plasma, aureomycin and streptomycin, and vitamins of high concentration. The minister is giving continual study to these requests and as the opportunity offers the list of drug exemptions is extended.

Will the minister indicate at what stage in this continual study he has arrived so far as these specific drugs are concerned and any others that he may be studying?

Mr. Abbott: The stage is that generally speaking it is only the more expensive drugs which have been included here. We are advised by the Department of National Health and Welfare when there are drugs that it is desirable for people to have and which have got beyond the experimental stage and can properly be included in this list. I have forgotten which ones they were, but in the course of the budget preparation this year we did consider some other drugs. We have had representations with respect to a number but it was felt that no additions should be made this year.

Mr. Stuart (Charlotte): I should like to ask the minister to have the officials of his department consider the item of rope and cordage of cotton, hemp, manila or other vegetable fibre. The only size that is exempted is rope not exceeding one and a half inches in circumference. That would be rope half an inch in diameter. That rope is used to a great extent by lobster fishermen but it is of very small size. With modern fishing equipment there is a lot of rope of larger size that is used to the same extent as the smaller rope would be. I suggest that the size of the rope be increased. There is probably more of the larger rope used in the fishing industry than the smaller type. I am not clear on the question asked by the hon. member for Comox-Alberni. Would it be possible for the minister to give us some idea of the

type of fishing equipment that would be exempt? It mentions boats and articles and materials to be used exclusively in the manufacture, equipment or repair of such boats. Then in the last paragraph it mentions sinkers, and floats including trawl kegs, when for use exclusively in the fisheries, not including these articles for sportsmen's purposes. I would think that particular section might be changed to cover any materials used exclusively in the fishing industry.

Mr. Abbott: I will certainly see that my hon. friend's remarks are considered before the next budget. As he is probably aware, the language used in this schedule with respect to fishing equipment is the same language that has been in the act for a great many years. There has been no change. As he will see from the schedule, the addition this time is preservatives for use exclusively for treating fishing nets, ropes and lines. The committee will appreciate that, where a material can be used for a number of other purposes other than fishing, difficult problems of administration may arise. It is for that reason that it is necessary to be fairly precise in the language of the section in order to see that material which should be subject to tax is not exempt ostensibly because it is going to be used for fishing.

Mr. Gibson: I gather from the minister's remarks that, so far as commercial fishing gear is concerned, it is general government policy to exempt it from sales tax since we are competing in the markets of the world.

Mr. Abbott: I am informed that practically all of it is exempt now.

Mr. Gibson: That is the general policy for which the government is striving?

Mr. Abbott: As a general statement that is true, yes.

Mr. Stuart (Charlotte): Getting back again to cotton and hemp rope, would steel rope, which is used today in many cases in place of hemp, also be exempted?

Mr. Abbott: I would have to look into that more carefully. I am informed it might be if it were a hawser on the boat and was carried as part of the equipment on the boat.

Mr. Stick: On page 7 there is a reference to internal combustion engines for farm purposes. The internal combustion engine is used extensively by our fishermen, and it is not included in the part of the schedule on page 8 having to do with marine and fisheries. Would the minister take into consideration making the same rule apply to fisheries as to farming?

[Mr. Stuart (Charlotte).]

Mr. Abbott: I am informed it comes under the item in the schedule we were discussing a moment ago which reads:

> Boats bona fide purchased by fishermen for use in the fisheries, and articles and materials to be used exclusively in the manufacture, equipment or repair of such boats.

Schedule agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall this bill be read the third time?

Mr. Abbott: Now, by leave.

Mr. Abbott moved the third reading of the bill.

Bill read the third time and passed.

INCOME TAX ACT

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 205, to amend the Income Tax Act.

Mr. J. W. Noseworthy (York South): Before this bill is read the second time I want to make a few comments. This bill of course introduces amendments to the Income Tax Act in order to give effect to some of the budget resolutions. I think it would be well for us to consider for a few moments the terms of this legislation, in the light of Liberal party policy. During recent weeks we have heard a great deal of the way in which the government ignored the wishes of the House of Commons—I shall have more to say about that later. We have heard very few Liberal speakers during the past few weeks having much to say on the announced official policy of the Liberal party, possibly because of the extent to which fiscal policy is ignored in the amendment that is now before the house.

I have before me a copy of a resolution that was adopted by the national Liberal convention in 1948. I think it was No. 14 on the agenda. It is headed, "Sound fiscal policy." The resolution in part has this to say:

> The tax burden should as far as possible be distributed equitably and in accordance with ability to pay. In reducing taxes first consideration should be given to easing the burden of the lowest income groups.

I want to contrast with that resolution the minister's consideration as expressed to this house on former occasions, and as exemplified in the amendments before us.

According to official Liberal policy, in reducing taxes first consideration should be given to easing the burden of the lowest income groups. When the minister was introducing his budget resolutions, as a matter of fact when he was introducing his budget, his first

consideration was not that of the lowest income groups, certainly his first expressed consideration was not for that group. The one group for which the minister expressed deep concern, as reported in *Hansard* at page 1252, was given in these words:

> Quite frankly, I am concerned that conditions make it necessary to maintain in our tax structure rates as high as this on business profits.

If you read that budget speech you will fail to find anywhere in it any consideration for the income tax payer in the lowest income group, such as is expressed in these words for the tax on business profits.

In keeping with the minister's consideration, as expressed in his budget speech, he does provide some small measure of relief for a certain group of corporations. As a matter of fact, one tax reduction—if it can be called a tax reduction at all—that was proposed by the minister was not proposed for those in the lowest income groups, but was for a certain group of corporations. The measures proposed by the minister would place a ceiling of 43 per cent on the tax paid by that special group of corporations under the Income Tax Act.

I said earlier, and I repeat, that neither I nor any of us in this group feel the same concern for the corporations' need of tax relief as does the minister or as in fact do the members of the official opposition.

The statistics presented by the dominion bureau of statistics in a booklet entitled "National Income" show us that in 1951 corporation profits before taxes were paid were $2,850 million, the highest in Canada's history. These gross profits were $400 million greater in 1951 than in 1950, a percentage increase over 1950 of 16 per cent. The dividends paid to Canadians in 1951 amounted to a flat $300 million, again the highest dividends paid to Canadians in any year in our history.

The undistributed profits of all these business concerns are included in the dominion bureau of statistics figures. The undistributed profits in 1951 amounted to $710 million, and were exceeded by only two other years in our history, namely 1948 and 1950. The profits retained in Canada after payment of taxes and after the distribution of dividends outside of Canada amounted to $1,037 million, again the highest profits retained in Canada by Canadian business in the history of our country, the highest on record.

It is in the light of these statistics that we feel the minister's concern was slightly misplaced; that instead of being concerned for those who, according to the national Liberal convention, should have his concern, he was much more concerned for the interests of the corporations and their taxation.

Corporation taxes collected by the minister in 1951 exceeded his own estimates by about 12 per cent; and the minister himself admitted during his budget speech that much of his surplus, which has been so much criticized across the country, resulted from the excess of corporation taxes over the minister's own estimates.

If you compare the position of corporations in regard to taxes in Canada with that other great capitalist country to the south, the United States, you will find that Canadian business and Canadian corporations come off fairly easily. In the United States corporations pay a regular federal tax of 52 per cent, apart from their state corporation tax, plus an excess profits tax of 30 per cent. It is estimated that the average United States corporation pays a 60 per cent corporation tax, as compared with Canada's top federal corporation tax of 43 to 45 per cent, or a top of 52 to 54 per cent when provincial corporation tax and old age security tax are added.

It is in the light of those facts, Mr. Speaker, that I am of the opinion that the minister not only ignores the wishes of parliament, but feels sufficiently secure to completely ignore the resolutions by the national convention of his own party. There is no such concern expressed in the minister's speeches for those in the lower income groups as I have pointed out was expressed on behalf of the corporations. There was a phony decrease announced. At page 1254 of *Hansard* for April 8, 1952, the minister said:

> . . . the average taxpayer will pay 6 per cent less than he would otherwise have done under the income tax law as it now stands.

That is at the time the minister was speaking. The minister did not feel that it was necessary to mention the fact that the Income Tax Act as it then stood had not been in effect for a full year, nor did he point out that the so-called 6 per cent reduction in the average income tax actually meant an increase in the 1952 tax over that actually paid in 1951. The minister's concern for corporations took the form of some slight relief granted, but his concern for the lower income groups, to whom his party's annual convention called attention, took the form of an increase in the 1952 taxes over those imposed in 1951, and that without taking the special social security tax into consideration.

As proof of that, of course, it has been pointed out that a single person with an income of $2,000 paid $165 in taxes in 1951, while in 1952 the same person with the same income will pay $175. A married

man with an income of $3,000 and without any children is in exactly the same position. Whereas his 1951 tax was $165, his 1952 tax will be $175. As though the minister wanted to add insult to injury so far as those in the lower income tax groups were concerned, he has not been content with raising the income tax for those groups but he increases the tax in the lower brackets at a higher rate than he does in the upper brackets. For example, a married man without children earning $3,000 of income finds his 1952 tax increased over his 1951 tax by 12 per cent. A married man without children in the $20,000 income bracket finds his 1952 tax increased only 6 per cent over his 1951 tax.

Before this bill is adopted, Mr. Speaker, I believe it is worth calling attention to these facts, and the extent to which the minister can ignore the so-called sound fiscal policy of the national Liberal convention. I submit that the minister's disregard of the policy expressed by that same convention may be seen in the 2-2-2 formula for financing old age security. We are told that 42 per cent of the funds necessary to finance old age security will come from the sales tax, a tax which is particularly burdensome to those in the lower income groups. It would seem to me that if the minister had the same concern for those in the lower income groups that he showed for the corporations, he would at least have made some concession, either in a reduction in the sales tax or in some other adjustment in his 2-2-2 formula. We are told that 16·1 per cent of the necessary funds to finance this old age security will come from the personal income tax, only 14·9 per cent from the corporation tax and 27 per cent from the general revenue fund.

The removal of the $60 maximum payment, and a graduated income tax for the support of the old age security program, would have been much more in line with the policy enunciated by the national Liberal convention than is the policy which the minister is following today. There is no reduction in the sales tax, but a slight reduction in corporation taxes. Apparently the wishes of the national Liberal convention can be disregarded by the minister with the same abandon as are the wishes of the House of Commons. I need only refer in passing to the minister's disregard of the express wish of the House of Commons in the matter of the 4 per cent floor on deductions for medical services.

At this point I might say to the minister that in my opinion the government made a mistake in rejecting the express wish of parliament in that matter. While the minister may argue that it was not a directive, that parliament merely suggested the minister should give consideration, nevertheless there is no question in the world but that was the express wish of parliament and that it represented what parliament wanted done. The minister ignored them. Many of us who have followed the debates and the discussions during the recent by-elections must have been impressed by the fact that there was no single more telling argument against the Liberal government and the Liberal policy than the minister's rejection of the wishes of parliament in the matter of the removal of that 4 per cent.

It was unfortunate, of course, that the C.C.F., who introduced that measure, received little benefit from it during the by-elections. It would be just asking too much of ordinary human beings, of course, to give credit to political opponents during the heat of an election campaign. But during that campaign I discovered that the official opposition, from their criticism of the government for ignoring the will of parliament in the matter of that 4 per cent, were able to gain more effect than from their criticism of any other measure.

Possibly the government is still capable of learning something from the course of events. While it is asking too much to expect the minister to make any changes in the amending bill which is now before us, it may well be that we shall find—and we shall certainly hope to do so—some relief for those in the lower income brackets when the next budget is presented, particularly if that should be a pre-election budget.

(Translation):

Mr. Marcel Boivin (Shefford): Mr. Speaker, I do not like to delay the progress of the house by dealing at length with the various legislative measures under consideration and therefore my remarks will be very brief.

I wish to say at the outset that I have always liked to comment on the subject of income tax, as a representative of the wage earner. You know that, from the time I have been elected to this house, I have always shown the greatest interest in the welfare of the wage earner and the problem of income tax.

Just lately, I happened to read the report of the 65th general annual convention of the Montreal chamber of commerce. One of the sections of the report, section 8, deals with matters of federal jurisdiction. Here is an extract from that section:

Revision of the Income Tax Act.

The chamber wishes the federal government to base the Income Tax Act upon the following principles:

1. The taxpayer must benefit from an income tax exemption at least equal to the minimum amount required to insure his family's livelihood.

2. All taxpayers must be treated alike with respect to the income tax levied on the income above that minimum amount.

Everybody will agree that I have always advocated these two principles for the benefit of the taxpayers I have mentioned.

Owing to the fact that the cost of living index, which had already hit the 125·1 per cent mark, still had a tendency to rise even higher, I asked the Minister of Finance (Mr. Abbott) as early as July 1946 to put the basic exemption back at the $1,200 level for single taxpayers and at $2,000 for married people.

I brought up the subject again the following year when expressing my views on the budget; the statement I made at that time is to be found on page 3344 of the English *Hansard* of May 22, 1947. I had then quoted figures to show that due to the exemption allowed at that time, much lower than the one in effect nowadays, the single person whose annual income was $1,200 had a deficit of $99 and that this deficit amounted to $215 when the taxpayer with an annual income of $2,000 was a married man with two children. At this time, the cost of living index was still rising; a jump of 8 per cent had brought it to 133·1 per cent.

And as before and for the same reasons I renewed my appeal to the government, in March, 1948, since the cost of living had by then reached 150·8 per cent.

Mr. Speaker, any member who belonged to the working class before he came to this house can much more readily understand that group's plight and that is why I made those comments in March 1949. On their behalf I asked the Minister of Finance to show greater consideration for that section of our population. I did ask for a higher basic exemption, namely $1,500 for the single taxpayer and $2,500 for the married man, and I dare say that those amounts would not have been excessive, considering the fact that the cost of living index had then reached the 159.2 per cent mark.

Mr. Speaker, the Minister of Finance looks upon the past year with great satisfaction. Our minister obviously is very busy and he cannot meet middle class people as often as he would like. On the other hand, he is in touch continually with his financial advisers and I am led to believe they know how to give him a rosy outlook on life.

I am the more convinced of the fact from having been made acquainted with the Income Tax Act and the exemptions it allows. There is no encouragement for wage-earners. With their family burdens and the present taxation they can hardly contemplate with much satisfaction, in the light of this legislation, the past year and the year ahead.

The minister has stated once again that our difficulties stem from international affairs. We knew that and, as he pointed out, whether we like it or not, we must unfortunately bear with it for the sake of enduring peace.

Mr. Speaker, I have already indicated the deficit of these middle class people for 1947, when the cost of living index stood at 133 per cent. But at the end of 1951, the cost of living index had risen to 191 per cent. These people must also have been affected by the rise.

I do not wish to elaborate any further on the matter. I feel I have said enough. I dare hope our commitments will not be so heavy in the future and that at the next budget my remarks will be kept in mind with a view to allowing the wage earner of Canada a sufficient exemption to provide for the minimum of income required to sustain his family. This income, unfortunately, he has not today.

(Text):

Mr. A. W. Stuart (Charlotte): Mr. Speaker, I have been looking Bill No. 205 over carefully and have been unable to find an item which appeared in the *Trade News* of April, 1952. It is a short item and I will just put it on the record. It is headed: "Taxation Ruling" and reads as follows:

Canadian deep-sea fishermen, operating as co-adventurers on a share of the catch have been authorized by the Department of National Revenue to average their earnings over a five-year period for income tax purposes, and also to deduct their away-from-home food and accommodation expenses. This applies to all deep-sea fishermen in Canada including captains, engineers and cooks, as well as those fishing on schooners, trawlers and draggers under the general form of agreement in common use in Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island. This agreement provides for the sharing of catch returns. The individual fisherman will still be required to file his income tax return each year and at that time will pay the tax owing, but at the end of five years he can work out the average of his net earnings and obtain a refund if he is entitled to one.

The privilege to average earnings only applies if the following stipulations are made: the fishermen must file their returns for the previous year by April 30 for each following year, and in the last year of the five-year period they must file their election to average their returns for the previous five years by April 30 following the last taxation year.

I want to point out to the minister and to the house that among those who are selected for this consideration mention is made of captains, engineers and cooks of fishing schooners, trawlers and draggers. In the county of Charlotte from which I come we

have a class of fishermen called freighters of sardines. Many of those who are freighting sardines are at the same time engaged in the catching of sardines and in other branches of the fishing industry. For some years the department considered that they were bona fide fishermen, and they were given exactly the same privileges in the matter of averaging income as were the fishermen I have mentioned. But during the last two or three years it has been decided that they should not be given this privilege; and in the office in Saint John, where these men would file their income tax returns, they have been denied this privilege of averaging.

Also the away-from-home cost of living and accommodation has been denied them for two or three years, while it has been given to men in other branches of the industry. For the information of the house I should like to put on record a description of "farming" as applied to this measure. We find that farming includes—

—tillage of the soil, livestock raising or exhibiting, maintaining of horses for racing, raising of poultry—

And so on. When one considers that a gentleman like Austin Taylor on the Pacific coast can run all over the country with his hay burners, and the fact that he is being given the privilege extended by this bill, one wonders at once why fishermen of the description I have given are not considered at the same time.

This is a serious matter. As I said at the outset, consideration was given for some time to this problem; but under present-day conditions fishermen are being denied the privilege of averaging income or of deducting away-from-home living expenses. The men I have in mind operate usually two to a boat, and some of the boats are 50 to 100 feet long. They are big freighters, and usually carry a crew of two. These freighters are away from home nine-tenths of the time. Many of the crew were fishermen for years, and did nothing but fish. However, owing to their qualifications as navigators they have been chosen to operate in this particular branch of the industry. They work on a share basis; none of the men mentioned would be on wages or salary, but rather on a share of the profits.

I would ask the minister and his officials to give this matter serious consideration, because in the minds of those who have been denied the privilege there is the thought that discrimination is being shown. They are bona fide fishermen; their incomes fluctuate in exactly the same way and to the same extent as other men engaged in the industry. If the sardine catch is good, their incomes increase; if the sardine catch is low, their incomes diminish. Over a five-year period their incomes would fluctuate to the same extent as those of the other fishermen I have mentioned.

Then, I have pointed out that their away-from-home expenses have been denied them. I was on the water a great many years myself, and I realize that away-from-home expenses are, as a rule, much greater than the expenses when one is at his own home. Perhaps only a very few of us are fancy cooks, the majority having to depend on food in a ready-to-eat state, which costs a great deal more than it would at home. I would ask the minister to give this matter his serious consideration, because these men should be given exactly the same treatment accorded the others in the industry.

As I say, when I see the definition of "farmer"—

Mr. Abbott: That is only a loophole section, to prevent the hobby farmer from getting excessive taxation relief.

Mr. Stuart (Charlotte): I do not know what a hobby farmer would be.

Mr. Cruickshank: E. P. Taylor.

Mr. Stuart (Charlotte): It uses the expression "maintaining of horses for racing".

Mr. Abbott: I can assure my hon. friend that the purpose of the amendment is to plug a loophole, not to extend a benefit.

Mr. Stuart (Charlotte): I am not yet aware where this section comes in. As I said, there is comment in the *Trade News* of April 1952, and a very fine description of the ruling that applied a few years ago. However, that was changed two or three years ago with the result that there has been a good deal of dissatisfaction. I feel that the men I have mentioned, who make their living exclusively on salt water, should be given the same consideration as draggers and trawlers, and others who are mentioned in this item.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, I should like to bring two matters to the attention of the minister, both of which require amendments if the conditions I shall outline are to be corrected. I believe each of these conditions effects a hardship.

The first is the case of the man, the father of small children, whose wife becomes an invalid and as a result is forced to secure the services of a housekeeper. Under those circumstances he generally has to pay a substantial sum for that service. It would seem reasonable that the cost of the housekeeper should be deductible for income tax purposes.

I believe the situation is best outlined in a letter I received from a medical man, and

which I should like to read at this time. He states:

> I wish to bring a fact to your attention which concerns quite a number of female patients throughout this country, who are hospitalized for chronic illness due to tuberculosis, heart disease, arthritis and mental illness, and have dependent children left at home. In such cases the father of the family must of necessity employ a substitute "mother" or housekeeper, for the care of the dependent children remaining at home. To get suitable people to do such work it is necessary to pay more than the ordinary fee that housekeepers demand.
>
> Under the terms of the present Income Tax Act the husband is not allowed the expenses of the housekeeper (who is an indispensable necessity) and not only must bear this added expense, but thus has no relief under the terms of the act.
>
> Since this situation undoubtedly affects a large number of individuals it is urged that the matter be brought to the attention of the federal government in order that an amendment for such circumstances may be made.

It seems to me that in circumstances of this kind, where a man with small children is unfortunate enough to have his wife hospitalized, and must go to the expense of hiring a housekeeper, such expense should be deductible for income tax purposes. I do not think this exemption will cost the minister any great amount by way of loss in revenue, and it would certainly afford a great measure of relief to a considerable number of people who, as a result of these circumstances, find themselves in a bad financial condition, and have great difficulty carrying on.

I would ask the minister to give consideration to the introduction of an amendment to cover people in those circumstances. He will note that I have confined my representations only to those persons who have dependent children requiring attention.

The other matter I would bring to the minister's attention is one about which I have spoken previously. Civil servants and employees of large business firms, who contribute to pension plans, have an advantage whereby those contributions are exempted from income tax. On the other hand the man who is building up his own pension plan on a private and individual basis, perhaps through the purchase of government annuities or by way of a pension through an insurance company, finds that the money he uses for such private annuity is not deductible for income tax purposes. It seems to me manifestly unjust that the large number of people who make provision for their own pension plans not only receive no income tax relief but, at the same time, are taxed for their share of the contribution to the pension plans of those who have civil service pensions, and help pay for the pension plans of those engaged in large organizations through increased prices charged for the products of those organizations.

It seems to me some action should be taken to exempt for income tax purposes the payments a man makes for dominion government annuities, and perhaps the same could be applied in respect of payments under annuities schemes set up by insurance companies. I have no idea what this will amount to in revenue, but certainly the situation as it exists at the present time is manifestly unjust.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, on the theory that the constant dripping of water will eventually wear away a stone I shall once again direct the minister's attention to a few observations I made to his parliamentary assistant. First of all, I must say that I was very interested in hearing the hon. member for Shefford (Mr. Boivin), a Liberal member, make a plea for the increasing of the exemptions to $3,000 for married persons. It is interesting to note the effect of by-elections on the succeeding day. I support the member in his plea and I am sure that many members on the opposite side of the house were also pleased to hear this first Liberal member make this plea. I fully expect to see him followed by a succession of hon. members before this debate is over.

I think there are sound grounds for bringing more equity into our income tax structure by doing what the great trade union bodies have asked the government to do and which great numbers of people in this country expect them to do, that is to raise the exemption for married people to $3,000 and for single persons to $2,000. I am not going to add much to what I said before, but I do think that when one realizes the cost of living and the circumstances that exist today with regard to housing, rent and all the things necessary to maintain the human body, it is a most reasonable request on the part of those who have made it. I have not the slightest hesitation in supporting it.

Once again I suggest to the minister that he give consideration to the expressed will of the house in the resolution that was adopted and which asked him to consider eliminating the four per cent floor under deductions for medical expenses. I think it was the hon. member for York South (Mr. Noseworthy) who said that a great majority of the people think the government and the minister acted improperly or wrongly in not recognizing the expressed will of the house and giving effect to the resolution moved by the hon. member for Winnipeg North Centre (Mr. Knowles). Many of my constituents have written to me on this particular point—not only members

of my own party, but members of all parties —and have expressed concern that the minister should ignore the wishes of the house in this connection.

Before going on any further may I say that I was pleased to hear the hon. member for Calgary East (Mr. Harkness) make a plea for the granting of a deduction for the cost of maintaining a housekeeper in the case of illness and where a husband was left with dependent children. I know of a number of cases in my own constituency where the circumstances are tragic because of the burdens placed upon husbands. In several of the cases I know of, these men are working steadily at reasonably good wages but because they have to keep housekeepers and stand the additional expense of their maintenance they find the burden almost unbearable. I do think that consideration should be given to people in these circumstances. I know personally of three or four cases where men have used up their life savings in order to meet these costs and are now going into debt.

Once again I bring to the minister's attention a matter which I brought to the attention of his parliamentary assistant. I refer to the allowance of travelling costs incurred by workers at the Consolidated Mining and Smelting Company who live anywhere from five to twenty miles away from their employment. These men have no other option but to live where they do. If they want to find a house to live in, if they want to have a place in which to bring up their families, they must live at varying distances from the plant.

When I broached the matter before, the parliamentary assistant's reply was that the government considered these expenses as being normal expenses. As I said before, I do not think you can deem expenses which run as high as $20 to $30 a month as being normal expenses. These workers must bear this cost as they are forced to travel from ten to forty miles per day back and forth from their employment. I suggest that the minister give consideration to exempting transportation costs incurred in going to and from employment when they are in excess of 25 or 30 cents per day. That would eliminate the ordinary street car or bus fares or cases where only short distances are travelled by motorcar and would at the same time be fair to people who must travel as much as ten to forty miles a day.

I have personal knowledge of the fact that these men travel mostly in buses owned by co-operative societies which have been formed by themselves. These successful transportation co-operative societies have large capital investments in buses, cars and things of that sort. These societies worked all during the war and they are now providing transportation for these workers at cost. They are performing a good service to the community and the country by reducing expenses to their present point. I am quite sure that if these transportation services were being undertaken by private companies the expenses of the men would be almost doubled. Through co-operative action, through rank and file action by the men themselves, everything possible has been done to lower the cost of transportation. It has been reduced practically to cost and I do ask the minister to give consideration to my suggestion that transportation expenses to and from work above 25 or 30 cents a day be allowed as deductions for income tax purposes.

When the parliamentary assistant was dealing with the resolution I brought up the question of the allowance as a deduction of expenses incurred in forest conservation work. I had proceeded for some time and then I was told that I was out of order. It was suggested that I should bring the matter to the minister's attention on the second reading. I refer to companies and individuals who have rendered great service to Canada by spending money for the benefit of future generations.

They have carried on forest conservation work by planting trees, by thinning timber, by building trails and roads for fire protection. This policy has been advocated by the dominion government and by the provincial governments. It is getting increasing support throughout the country and more and more companies and individuals are carrying on this work at this time. I know of many small holders of timber limits in my own district who throughout the years have spent a considerable amount in maintaining their forest holdings.

I think companies and individuals should receive some consideration for what I would term an acceptance of their social responsibility. They are spending money now from which they will receive no return in their lifetime; they are making an investment for future generations. I repeat that that sort of social responsibility should receive some consideration and I do urge the minister to consider allowing deductions up to a certain point for money invested by companies or individuals in the work of forest conservation and the maintenance of a great capital asset of this country, our forest resources.

The argument that I am presenting seems so logical from my point of view, possibly

because I have lived in the bush all my life, that I cannot understand its not receiving consideration. When the minister replies I would like him to tell me if under the present law and regulations arrangements have been made with any companies to permit deductions for the cost of carrying on forest conservation work in the way of building roads and trails, planting of trees and so on. I cannot understand why any government would fail to provide the necessary incentives to this worth-while work.

Mr. Bryce: Mr. Speaker—

Mr. Macdonnell (Greenwood): Mr. Speaker—

The Acting Speaker (Mr. Robinson): The hon. member for Greenwood.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I will not keep the hon. member for Selkirk (Mr. Bryce) very long from what he desires to say to the minister because I am not going to go over ground I have gone over before, however much the minister might like to hear me do so again. Passing the income tax bill is more or less like rubbing salt in the wounds, and I do not propose to drag out that pleasure unduly. I do not think it is necessary to argue any further that the public does not like the budget because I think even the Minister of Public Works (Mr. Fournier) would agree that what happened yesterday gives us a very considerable amount of evidence—

Mr. Fournier (Hull): Don't take that for granted.

Mr. Macdonnell (Greenwood): —that it is not the most popular thing in the world. However, I am not going to dwell on that. Indeed, I am going to stay with the minister for a moment by saying that when he tells us, as he does, that we have passed laws providing for the expenditure of large sums of money and that having passed these laws we have got to find the money, I do not think there is much answer to that except to be sure that the minister and those associated with him are keeping expenses down as low as possible. I do not propose to spend much time on that either.

Various figures have been mentioned, some of which seem to stand out, and I shall refer to a few in passing. There is a figure of $46 million for what is called removal expenses which seems to me atrociously large although I want to point out that a good deal of that is for the movement of the troops. Then there is another figure of some $17 million for publicity of various kinds, and I have not got language strong enough to express my feelings about that. It just seems to me to be out of this world because we all know what it includes and we are very critical of a great deal of what it includes.

Then there is a third item of $4,900,000, nearly $5 million, which I have mentioned more than once, for telegraphs, telephones and so on in the Department of National Defence. To me that is an outrageous figure. However, when we look at this thing objectively I think we have got to face the fact that if we want a really big saving—

Mr. Abbott: I do not want to interrupt my hon. friend, but is he discussing the principle of the Income Tax Act?

Mr. Macdonnell (Greenwood): Oh, yes, because one of the principles of the act is to be sure that you are not raising more money than you need to raise. I think the minister will agree with that.

Mr. Abbott: I had no real thought that I could stop my hon. friend, but he has already delivered his lecture so many times that I thought I might be spared on this occasion.

Mr. Macdonnell (Greenwood): The minister does not know how lucky he is because my speech is only going to take five minutes instead of forty. It is really very ungracious of him to try to interrupt me because he may stimulate me to go on and on. I merely want to say that one place where there is a hope that a real saving can be made is in connection with defence expenditures.

Mr. Abbott: I really think, Mr. Speaker, that it is stretching the principle to which I have alluded very far to bring in defence expenditures on the second reading of a bill to amend the Income Tax Act.

Mr. Fournier (Hull): Far-fetched.

Mr. Macdonnell (Greenwood): The minister is very ungrateful because I am going to tell him where he can save some money.

Mr. Abbott: My hon. friend will have at least a dozen opportunities later in the session when he will be able to discuss such matters. I respectfully suggest that he endeavour to keep himself within the rules of the house.

The Acting Speaker (Mr. Robinson): Order. I rather think that the minister's point is well taken. I would ask the hon. member to attempt to adhere to the principle of the Income Tax Act.

Mr. Macdonnell (Greenwood): I will attempt to do so, Mr. Speaker, and I hope I will be more successful than you and the minister think I have been up to now. In any event, I am almost through. I merely wish to point out one thing, and I think perhaps the minister will agree with me because if I succeed

I am sure he would be the first one to approve of it. We still have the defence estimates to consider, and I am going to suggest now, as an example of the kind of thing we should keep in mind, that when these estimates of hundreds and hundreds of millions and even billions of dollars come forward this year we should ask with more determination than ever before to be given a break-down of these things so that we shall be in a position to know whether these huge amounts, which if they have to be spent the minister is perfectly entitled to say have to be balanced by taxes, are all necessary. The minister will surely give me credit at any rate for making my remarks short.

Mr. William Bryce (Selkirk): I should like to take this opportunity to ask the minister to reconsider the matter of assessment of farmers' incomes. I know he has considered it and I hope that he will consider it again. The average farmer operates as a unit. In my own case I raised four children, and while they were quite small they were doing work on the farm. If they had not done those jobs I would have had to pay wages to a man to do the work. I think some consideration should be given to that factor in the assessment of farmers' incomes. There are so many jobs that boys and girls of twelve years of age can do in the hay field. I have a grandson who can go out in the field and plow. It would cost $120 or $130 a month to hire a man to do the same work. There is no compensation for what he does. The minister need not take time to reply now because both he and the minister sitting behind him have told me before that if such a practice is started they do not know where it will end. I am concerned about justice for the farmer. I should like the minister to give the matter consideration and see if something cannot be done for the farmer who is working as a unit. He is taxed for all the income earned by five or six people, and he should only be taxed on his own income.

Mr. J. W. Murphy (Lambton West): Mr. Speaker, I shall only be a minute or two in discussing a point I have in mind which I think comes under this particular bill. I do not think there has been any reference to it so far. Many in the house and throughout the country are concerned about the problem of erosion on the great lakes. I am not one of those who feel that the government is responsible to property owners for loss of property.

Mr. Abbott: I hate rising to points of order, and do not do so very often, but I am convinced that the erosion problem on the great lakes, serious as it may be, has nothing whatever to do with the principle of the bill to amend the Income Tax Act.

Mr. Graydon: Oh, yes.

Mr. Abbott: My hon. friend must show in what respect it relates to income tax. I cannot see how it could be related to it.

Mr. Graydon: I can.

Mr. Murphy: If the minister will take his seat for a moment—

Mr. Abbott: I am going to ask for a ruling in a moment.

Mr. Murphy: —I will try to convey the idea to him.

Mr. Abbott: There is no use trying to change the rules if people will not observe them.

Mr. Murphy: I think when I am finished the minister will see the reasonableness of my remarks, and it is because of the erosion that has taken place that I propose to make these remarks. Many people on the shores of the great lakes, whether they be farmers, fruit growers or other property owners, have been obliged to construct jetties, seawalls or embankments of one kind and another in order to protect their properties. Representations have been made to me by various property owners, and I am sure to other members on both sides of the house, that some consideration should be given to these people with respect to money expended to preserve their property in order that their revenues, for instance, may not be depreciated. I think it is only fair to bring this matter before the house because not only are fruit farmers and farmers generally affected but thousands of miles of lake and waterfront are involved.

The tourist industry is also affected so far as lake and riverfront property is concerned, and that is a matter of no small concern. My contention is that the minister should give consideration to the problem with which these people are faced. In order to preserve their property they have been obliged to build jetties, barricades or whatever may be recommended by engineers in order to prevent their property from being washed away into the waters of the various lakes or rivers. I know that applies to practically all the great lakes. To date the damage has amounted to millions. It is only recently that the property owners have realized that they themselves must do something and not be too dependent on the government. In any tax deductions that take place, consideration should be given to the amount of money that they have to spend, and consideration should also be given to the fact that they

will have to spend at least $500 or $1,000 this year and they may have to continue to do that for one or two years more.

Mr. Stanley Knowles (Winnipeg North Centre): The minister no doubt is getting a bit impatient at having to listen to remarks about the 4 per cent floor so often, but we continue to remind him of it in the hope that even yet he might consider changing the bill now before us when we get into committee so as to implement the desire of parliament that that 4 per cent floor under medical expenses deductible for income tax purposes might be abolished.

The minister knows the history of this matter very well. He will remember the fact that the provision for allowing for medical expenses was brought in by his predecessor. He will recall that, in response to representations from the house, Mr. Ilsley reduced the floor from 5 per cent to 4 per cent in 1944.

Mr. Abbott: I did that.

Mr. Knowles: As a matter of fact, the minister is correct. It was as parliamentary assistant to Mr. Ilsley that he did it, but it was actually done on the floor by the present minister.

Mr. Abbott: To cover the use of drugs. It was expressly said that that was why it was reduced from 5 per cent to 4 per cent.

Mr. Knowles: It was reduced because it was recognized that 5 per cent would not allow for all the expenses that might be regarded in those days as unusual.

Mr. Abbott: No; it was to cover the cost of drugs.

Mr. Knowles: All right; but our contention is that the philosophy behind this deductibility, as it was announced in those days, needs to be revised. The idea in those days was that it should be for unusual medical expenses; and, as the minister now says, some slight margin was given in respect of drugs, and that was the reason the floor was reduced from 5 per cent to 4 per cent. But surely there is room for progress, and in my view the government should try to keep up with the thinking of the people in this country. There is growing more and more the feeling that it is common sense to try to deal with medical expenses on some co-operative or community basis.

The minister knows that I feel we should tackle that problem in a much more fundamental way, by a nation-wide program of health insurance, but we are having difficulty in persuading the government to move very fast in that direction. Meantime, here is one little step that could be taken to put medical expenses to some extent on a community or social basis. After all, that is what it would do if the 4 per cent floor were removed. The result would be that those who have heavier medical expenses would get a larger income tax saving, and those with lesser expenses would get a smaller saving, whereas those with no medical expenses at all would not get a saving against income tax in that respect.

There is no doubt, too, that the idea of removing that floor has won very wide support. After all, the motion asking that the government consider removing that floor carried unanimously in this house on March 26.

Mr. Abbott: Because it was not opposed by my parliamentary assistant.

Mr. Knowles: That is right. But the minister, I presume, permitted his parliamentary assistant to take the stand that he did, and that was accepted as a lead to members on the majority side of the house, a lead which they readily accepted, with the result that the motion passed unanimously. I remind the minister that not only did it pass unanimously in the house, but it was greeted with approval generally by the press of this country. The press welcomed the fact that in this instance a private member's motion had been passed by the house, and it particularly welcomed the fact that it was a motion dealing with this particular subject, namely, some relief to our people in respect of medical expenses.

In my view the case for it is unanswerable, and sooner or later the minister is going to have to make that change. I see no reason why he should not make it at this session, indeed right now while we are dealing with this bill. I had hoped, despite the fact that no change was made in the resolution when we were at that stage, that when the bill was introduced a change might be made. Now that we have the bill we find that the 4 per cent floor is still in it. Nevertheless, when we get into committee and reach that particular clause of the bill, it would be possible for a minister of the crown to move the appropriate amendment, and I hope that even yet we may persuade the government to take this important step.

I dare to hope that the events of yesterday might suggest to the government that it was a mistake to oppose the wishes of parliament and of the people generally in respect of this matter. I would suggest that the government should give further thought to this question which is important on two counts. It is important in respect of the wishes of parliament and it is important in respect of its substance, namely, the question of helping our people in so far as we can in respect of medical expenses.

When one proposes changes in the income tax legislation that may result in a loss to the treasury, it does carry with it the responsibility to suggest ways in which that loss might be overcome. I have tried to do that on former occasions. One cannot expect that the Minister of Finance would have read all of the debates that took place on the budget and on the budget resolutions during the time he was away, but one can always hope that the minister read one's own speech, and that it is not necessary to repeat—

Mr. Abbott: If it would abbreviate my hon. friend's speech I can assure him that I read all the debate on the budget that took place while I was away.

Mr. Knowles: I am very glad to hear that.

Mr. Martin: Even your speech he read.

Mr. Abbott: Yes, even yours.

Mr. Knowles: Did the Minister of National Health and Welfare read it?

Mr. Martin: I go to bed with it.

Mr. McCann: And lie awake all night.

Mr. Abbott: Stimulating as it was.

Mr. Knowles: Now that we have this admission from two members of the cabinet that speeches from this side of the house are read, it is not necessary to repeat all that one has said but only to underline the high spots.

Mr. Abbott: Only a stern sense of duty compelled me to do it.

Mr. Mutch: It is the easiest way to take it.

Mr. Knowles: The humour the day after by-elections is really refreshing.

I suggested on a previous occasion, Mr. Speaker, that one of the places that revenue might be obtained to make up for whatever it might cost to wipe out the 4 per cent floor would be from corporations. I raised the question as to the disparity between there being a graduated tax on personal incomes and what to all intents and purposes is a flat tax on corporations. That was discussed with the parliamentary assistant to the Minister of Finance, who of course defended the present position. It is still my view, and it is a view that is expressed in the writings of a number of economists, that the graduated nature of a personal income tax is vitiated, particularly in the case of those in the higher brackets, when you have a flat tax on corporation income which is lower than the rates that apply to the upper brackets of personal income.

After all, what counts in terms of personal income, so far as the wealthy are concerned, is not only the actual dollars they take out of a corporation with which they may be connected, but the increase in their economic power. I submit to the minister that there is room for increasing the corporation tax, and there is room for putting it on a graduated basis more comparable to that which applies to the personal income tax. In my view that would be fairer, and furthermore it would be a means of raising additional revenue.

In connection with this whole question, may I remind the minister that the *Monetary Times,* in its issue of May 1952, carries a comment on his budget which indicates that corporations generally feel that they are lucky to have the present minister in his portfolio. This comment is entitled "Individuals Pay More", and reads as follows:

> Until the rearmament program is completed there are no grounds for expecting reductions in the corporation and personal income tax rates. With this year's spending program nearing the $4·5 billion mark businessmen have reason to be thankful the Minister of Finance is a staunch free enterprise man, who recognizes that excessive taxation on industry can kill the goose that lays the golden eggs. Though corporate taxes at 50 per cent are high—Abbott thinks it's about the limit—they are not so high as the combined corporate and excess profits taxes in the United States.
>
> Abbott had to get more money this year and he has chosen the unpopular policy of taking it from individuals rather than loading more on business.

That, of course, is a comment from business which regards taxation of business as something to be avoided, and the comment is that businessmen should feel lucky to have one like the present minister who is a staunch believer in free enterprise in the finance saddle in this country.

Not only would it be possible to make up for what it would cost to remove the 4 per cent floor, or to raise the exemption levels as has been suggested this afternoon by my colleague the member for Kootenay West (Mr. Herridge) and the hon. member for Shefford (Mr. Boivin); not only could that be made up by an increase in corporation taxes or putting corporation taxes on a graduated basis, but I submit there is still room for a considerable increase in revenue if the Minister of Finance and his officials were to examine the whole basis of deductions that are allowed to those whose incomes are on a gross basis. Workers are in a very definite position. Their income is known, and when they have had it, they have had it. For the most part, the tax is deducted at the source, and if it is not all deducted there the chance of being able to claim any appreciable exemptions is on the whole rather slim. But those who earn an income that is described as gross, and who have the right to make deductions connected with the earning of that income, seem to be able to find a good many ways in which to claim deductions. In one

of the speeches which I made before—I shall not give it again—I gave figures from the United States as to the percentage of the various grades of income on which taxation is actually paid.

In connection with all this there recently appeared in the Winnipeg *Tribune*—it was on May 8 of this year—a news report which struck me as very significant. The story gave an account of a ruling given by Mr. R. S. Fordham of the income tax appeal board. Two Winnipeg gentlemen had appealed rulings of the Department of National Revenue, and had taken their cases to the income tax appeal board. These two gentlemen had cases that were more or less identical, so that to simplify the story I shall tell it in respect of just one of them.

This first appellant is a grocery broker and also the president of a company or a firm in Winnipeg. During two recent taxation years he made a fairly substantial sum of money on the side, and he made this money by buying conditional sales contracts from one of the finance corporations of the city of Winnipeg. The report said that this particular corporation was a little short on its bank credit, and wished to make a deal of this kind. This man, therefore, bought these conditional sales contracts and the result was that in the two years in question he made the sum of $12,503 on the side. Now, thinking of some of the interjections that are sometimes made from the other side of the house, that is not peanuts.

The income tax division of the Department of National Revenue regarded this as income, and insisted that this individual should pay income tax on this sum of $12,503 along with the tax that was to be paid on his other income. This particular individual felt that as the income tax law stood perhaps he could avoid paying a tax on this sum of money, so he appealed his case to the income tax appeal board. The Department of National Revenue was represented, of course, as was the appellant. The income tax appeal board ruled against the department and in favour of the appellant. The board ruled that this money which the man made on the side was to be considered as a capital gain, because it arose through a transaction which was not part of the regular business of the appellant. For that reason this individual was allowed to earn this $12,503 in two years without paying any income tax on it.

Part of what I have been saying is a paraphrased version of the report as it appeared in the Winnipeg *Tribune*. I wish to place on record a few words which I have taken from that report, and I may say that they appeared in the newspaper report within quotation marks. The ruling of the board was to the effect that the reason the Department of National Revenue had tried to tax this man on this $12,503 was that its position, and I quote, "evidently arises from the erroneous belief, still prevalent in some quarters, that whenever a taxpayer makes a financial gain of any kind in a commercial transaction it must be viewed as income".

Now, Mr. Speaker, that is a comment which the average income tax payer would find very interesting. Most of us assume that whatever money people make is income so far as the income tax department is concerned. In this case may I say on behalf of the Minister of National Revenue and his department, that they thought this was income and that he should pay income tax on it. The income tax appeal board says not to go away with the opinion that every bit of money a man makes is income for the purposes of income tax. So in this case this individual was given the right by the income tax appeal board to earn this $12,503 on the side in two years without paying any income tax on it whatsoever. Mr. Speaker, anyone who is making $12,503 on the side is not making just $25 or $30 a week as his principal income. Undoubtedly he is up in a bracket were he is paying 50 per cent or 60 per cent on his income; and it is taxes of that order that this gentleman probably saved as a result of the ruling of the income tax appeal board.

I wish to point out, Mr. Speaker, that it is not often that we get information of this kind, in these precise and specific terms. The newspaper reports even gave the gentleman's name, but I have not placed the name on the record. On a number of occasions I have tried to get the Income Tax Act amended so as to lift the veil of secrecy with regard to these matters, and hon. members will recall the difficulty I have had. In fact, my good friend the hon. member for Peel (Mr. Graydon) on one occasion called it peeping-Tom legislation. He did not like it.

Mr. Graydon: I did not want the farmers to have all their business brought into the house.

Mr. Knowles: Yes; that is one of the usual answers. But even when I amended that bill so as to make it refer only to the income tax return of corporations, it still got nowhere in this House of Commons.

Mr. Graydon: We thought you were going to the farmers next.

Mr. Knowles: I am just suggesting that we get little information of this kind. It is only when a case is taken to appeal and a judgment like this is given that we get the

information. That leads me to ask this question: How much of this kind of thing is going on? How much income is made by citizens of this country—those people who are on gross—which is exempt from taxation? The amount was $12,503 in two years in the case of one man, and in that of the other man whose case was dealt with at the same time the amount involved was a smaller sum, but even it was $5,805.75. So I ask the question: How many of these people are there who are making this kind of money on the side and are not having to pay income tax on it? My suggestion is that if the law were tightened up in respect of sideline income made by people on gross incomes, there might be a considerable sum of money to be collected by the treasury.

Mr. Abbott: That must have been held to be a capital gain.

Mr. Knowles: Yes. That was the decision.

Mr. Abbott: If my hon. friend will look through the reports he will find at least fifty cases, in somewhat similar circumstances, where the gain was held not to be a capital gain.

Mr. Knowles: We do not know how many there are—

Mr. Abbott: It is a pure question of law.

Mr. Knowles: Just a minute now, with your talk of a question of law. We get back to that often enough. In mentioning that this is a capital gain the minister is, in point of fact, drawing attention to another of the suggestions that I should like to make.

Mr. Abbott: Tell it to your socialist friends in England.

Mr. Knowles: That suggestion is that we should have a capital gains tax.

Mr. Fleming: Oh, how horrible!

Mr. Knowles: Here is my Tory friend to the right of me saying "how horrible!"

Mr. Fleming: A terrible suggestion!

Mr. Knowles: Yet he joins with me in my proposal that the 4 per cent floor under medical expenses should be wiped out. I do not agree with the parliamentary assistant to the Minister of Finance that it would cost $48 million; but whatever it would cost, it is our responsibility on this side of the house to make some suggestions as to how that money might be made up. I suggest that here is one field where real money might be found. As I said a moment ago, a taxpayer of this kind is probably up in a 50 per cent or 60 per cent bracket. If we knew all the facts—if there was not the secrecy provision like an iron curtain around this kind of information—we might find that there is really a substantial sum of money available in this way.

The minister said that it is a question of law. I am sure he knows what is coming. A few years ago, when the income tax appeal board on a question of law—pardon me, it was the exchequer court. It was before the income tax appeal board was set up to deal with these cases. The exchequer court, on a question of law, ruled that trade unionists were entitled to deductibility of their trade union dues. The government took the view that that was not the intention it had in its legislation and it immediately changed the law accordingly. As a matter of fact, it changed the legislation within a few weeks after the case was taken to the Exchequer Court of Canada. It did not even wait for the decision to be handed down. If the government feels that it has the right to step in and change the law when the courts have given an interpretation which suggests that the government's intention has not been carried out, then I suggest that it can be done in cases of this kind.

The Minister of National Revenue (Mr. McCann) or at least his department thought that the intention of the law was such as to cover these cases. Let me be fair to the income tax appeal board and say that the income tax appeal board said that it was a borderline case; at least they used language of that kind. It said that if the man went on making sums of money like this from this particular sideline, it would probably have to be counted as income in due course. The inference was that if he made money from different sidelines year in and year out, he could make money of this kind without being taxed on it.

As to interpreting the law, one threat which the government made some months ago has now been washed out. I refer to the Nolan case. The minister knows that when the Minister of Justice (Mr. Garson) announced that this case was being taken to the privy council, he said that if the privy council ruled in a manner which was opposed to what the government's intention had been, they would bring in legislation to amend the law, so as to carry out the government's original intention. From the action of the Minister of National Revenue it would seem to me that in this case the government's intention was that this kind of income should be subject to tax. If the income tax appeal board has ruled, on a question of law, that the wording of the law is such that this kind of income is exempt, then I suggest that it is time for the law to be amended in respect of income of this kind.

I urge that the minister go further than just tightening up the law to cover cases of the kind that the income tax appeal board has ruled on. I urge that he re-examine the whole question of the extent to which taxpayers on gross are able to claim deductions, the taxes on which must amount, during the course of the year, to many millions of dollars.

I come back again to what I said a moment ago. In the case of the ordinary worker, when he has had his income and has paid his tax, "he has had it". The deductions he can claim are few. He can claim his trade union dues now, thanks to the change that was made in the act last year. He can claim his donations to charity if he has receipts for them; but in many cases the contributions that a worker makes are not covered by receipts, and he does not get much relief in that way. He can claim his medical expenses if they are in excess of 4 per cent, not of his taxable income but of what amounts, in the case of the worker, to his gross income. That is just about all he can claim. He can make out his income tax return in half an hour. He pays taxes without question on his income. But in this other field, the field of gross income—if we could only get it all out; if there was not this veil of secrecy—I submit there is room for tremendous gain to the treasury.

I urge upon the minister that he do these two things that I have been talking about this afternoon. I urge that, on the one hand, he yet accede to the wish of parliament and of the people of Canada generally, and remove that 4 per cent floor under medical expenses deductible for income tax purposes. On the other hand I urge him to review the position of those who are on gross with respect to deductions that they are allowed, and in particular that sidelines such as those I have been speaking about in the Winnipeg case, with capital gains of that kind, should be subject to taxation.

Mr. Gordon Graydon (Peel): Mr. Speaker, I do not often raise my voice in an income tax debate, for the reason that I am not an expert on the subject.

Mr. Abbott: That does not deter others.

Mr. Graydon: I know those who take part are professionals in the matter of income tax; but I wish to raise my voice only in a humble way in connection with one matter that has come to my attention through the years, and which I intended to discuss on previous occasions, but failed to do so.

I would direct the minister's attention particularly to small businesses in which perhaps only two or three persons are employed. I realize readily that the minister may have a complete answer to the point I raise, and no doubt has given consideration to it much more fully than I have. For this reason I shall await his answer with interest.

These people, who might be described as the small fry in the business world, are in my opinion being discriminated against in the matter of income tax. Not only are they charged income tax, but they are asked by the government to be the chore boys of the Department of National Revenue. It is bad enough to ask them to be chore boys, but it is worse when they are asked to be chore boys without charge.

I understand that these people are ordered by the federal government to keep extra sets of books, and to figure the amounts which must be deducted, always having in mind the family status of the people working for them. Then the returns must be sent in, and they must be accurate. I am sure the minister knows that the people engaged in these small businesses do not have many dollars to give away. Most of them are having a difficult time to make ends meet. It seems to me that when they are asked by the federal government to shoulder this extra load on top of the burden they are now carrying; when they are asked to be the collection agency for the government, free of charge, some further consideration should be given to this aspect of the collection of income tax.

I do not proceed to argue the point with a closed mind. I am anxious to find out upon what basis the government has adopted its policy, and how it justifies its position; because when it asks someone to do a job the person who does the job makes sure the government pays for it. This would seem to be the only instance where the federal government insists upon the work being done free of charge.

I have no doubt the minister will say that huge corporations and big business should not be relieved of this responsibility. He will point out that if we relieve the little fellow we must include the richer man. Those people in the upper brackets, so far as I am concerned, can speak for themselves. It is the little fellow who has to have someone in the House of Commons who will speak for him. He speaks to his member of parliament and others in the neighbourhood, and naturally comes to the conclusion that he should not have to bear this extra load.

I am not in a critical mood, but I am anxious to have the government consider what I have said. If it can be shown that my presentation lacks merit, I shall be the first to admit it. I do think, however, that there is a case to be made for the little fellow

who has done work for the government without charge. An examination of the public accounts would seem to show that he is the only one working for nothing, and I suggest he should not be discriminated against in this way.

When the minister replies he may have a satisfactory answer because, after all, the problem is to place the burden as equitably as possible. I think, however, most hon. members will be struck by what would appear to be an injustice against those having small earning capacity, who have to shoulder all this bookkeeping and accounting work at the request—and, may I say, more than the request; the order—of the federal Department of National Revenue.

Mr. Robert Fair (Battle River): Mr. Speaker, I should like to draw again to the minister's attention the matter of compensation paid to farmers in Saskatchewan for animals destroyed as the result of the foot-and-mouth disease outbreak. When the matter was before the house in March I asked that the compensation so paid be exempt from income tax, because this is not really a form of income in the regular sense. Many farmers will have lost their means of livelihood for the next few years, or until such time as they can build up other herds. On the earlier occasion the minister listened sympathetically to what I had to say, and said he would give the matter further consideration. I would ask him to give us any information he may have, when he speaks.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, in a general way it is my opinion, and so far as I can gather it is the opinion of my constituents, that the income tax structure is now far too high. It is time something was done to relieve the great majority of people—I would say probably 85 per cent of them—who are in the lower income tax brackets.

The vast majority of Canadian people are being progressively impoverished, and this at a time when the Liberals are pleased to tell us that we are more prosperous than ever before in our history. How anyone can put those two facts together and make sense out of them is beyond my understanding; because the prosperity of the people certainly depends not only upon the amount of money they obtain but also upon the amount they are able to keep and to use, either for saving or spending, for what they consider to be the needs of life.

Why should the people of Canada be penalized more severely, the more goods and services they produce? It is forecast that in the present year in the neighbourhood of $23 billion worth of goods will be produced in Canada. No hon. member in the House of Commons, and few people throughout the country, will fail to realize that the amount of goods and services we produce constitutes the real acquisition of wealth of the nation, and should be the basis upon which to determine our prosperity, our well-being as a nation, or lack of it.

If we have reached the point where we are producing $23 billion worth of goods a year, why should something like 85 per cent of all the people in the country be absolutely at their wits' end to know how to get along? Why are they literally groaning with anxiety for fear they may not be able to get along? Setting aside all theories of income tax and all that sort of thing, all theories of revenue, we are faced with this bald, simple and easily understandable fact which I submit ought to be taken cognizance of by every responsible person in this nation.

It is commonly said by a good many people, and was repeated in this house during world war II, that whatever is physically possible ought to be financially possible. That is, the more physical well-being a nation can produce, the more financial well-being it should be able to enjoy. May I submit that the system the minister is following under this bill does not make financially possible what is physically possible. As a matter of fact, many of the imposts which are being levied under this bill are of such a nature in their incidence that they actually tend to discourage production in the nation because they take away from so large a percentage of the people the very income they need to buy the goods industry can produce, thereby destroying automatically the market for the industry. Take the case of the cheese producers, to name only one of hundreds. Thus they tend to destroy production in this land of probably first-rate abundance, potentially. That is another matter which I think needs to be considered.

I do not suppose the minister will take the trouble to state whether he believes that what is physically possible ought to be financially possible. If he does believe that, then the only logical thing he can do is realign his whole system of raising money in this country. I just wished to raise that matter in passing.

I look with great alarm upon the increase of taxes in this nation. As far as I can see, if these taxes continue to increase as they have Canadians might just as well bid good-bye to freedom. If a man cannot have an income and have a little of it left that he himself can dispose of, I ask you in the name of common sense how you can say he has any freedom at all. The very things the hon. member for

Peel (Mr. Graydon) mentioned a few minutes ago are cases in point. If the government can say to a man running a little business and having the greatest difficulty making a living, "you have to do thus and so and thus and so and thus and so," and as a result of all those "thuses" and "so's" it costs the man $150 extra for services in having his income tax returns made out, for doing the government's "chore-boy" work, as the hon. member well called it, for which he gets no return, you have to stretch your concept of freedom a long way to look upon that man as having any freedom in respect of the running of his affairs. So it is all through the economy as far as I can see.

It will be said that we have to have money. The minister will probably say that we are calling for bigger and better old age pensions, for bigger and better family allowances and so on, and that we have to have the money. I agree that we have to have the money, but my contention is that we do not have to get the money by stealing every dollar of it from the people's pockets. That is just where the moaning cry a few minutes ago of the hon. member for Greenwood (Mr. Macdonnell) is shown to be so hopeless. He says you cannot get money anywhere except by taking it out of the people's pockets; that when you have all there is in their pockets, you might just as well give up; it does not matter how rich your country is or how many things you can produce in the way of goods and services, you just cannot go any further; what is physically possible is not in his thinking financially possible, and that is the end of it.

I maintain that is a completely unrealistic attitude to take toward the whole business of financing our country at this time. It is well known, and I do not need to repeat it here, that I have argued time and time again in this house that under appropriate circumstances when there is adequate production in the country, adequate supplies, money can be created by the state debt-free and used for the benefit of the people of Canada. Up to the present time no argument has been adduced in this house to disprove my position. I maintain that no argument can be adduced by anybody in this house to disprove my position.

An hon. Member: That is going a little bit too far.

Mr. Blackmore: I challenge the hon. member to take the floor the first time he gets a chance. There will be no more left of him than was left of the prairie chicken by the time the gatling gun got through with it. As we go into these trying times, and they are terribly trying, why not give thought to this all-important consideration? Why tax our people to the point where they are disheartened and bewildered and wondering whether they have a friend in the world? Why drive them to that position? Why not realize that by the adoption of proper measures, what is physically possible actually can be made financially possible. That certainly cannot be done by taxation.

This is the general statement I wish to make. I do not intend to argue at length, but I am sure that in speaking as I am now I am voicing the opinion, at least the desire, of no fewer than 85 per cent of all Canadian people.

Just one more little thing needs to be said and I shall close. The minister will say, "What you are proposing will bring inflation." Let me ask hon. members on all sides of the house to take the definition which the hon. member for Greenwood gave us a year ago, and which is a good one, as to the cause of inflation; namely, that it occurs when "we have too many dollars chasing too few goods". Is there any conceivable reason why in Canada you cannot have so many goods that you could not get enough dollars chasing them to cause inflation? I ask hon. members to go through the whole list of our products: potatoes, vegetables, fruits, fuel, dairy products, poultry products, livestock products, grain products. Is there any possibility of reasoning that under normal conditions Canada could not produce so many of at least 90 per cent of those products that no matter how much money the people had in their pockets there would not be enough money "chasing those goods" to cause a rise in price?

If the minister is afraid to use the device I have urged upon him because there would be danger of inflation, then let me say that it is all-important that he adopt such measures as will increase the production in Canada of any commodity in connection with which he thinks there is any danger of a serious shortage of supply developing.

I doubt very much if the minister can show that he has conscientiously taken any steps to increase the production of any commodity. The other day we did take steps to increase the production of gold. I wonder if the minister can point to any other single commodity produced in Canada in respect of which we are taking similar steps to increase production. If we were to take steps as striking, as palpable in connection with the production of anything else in Canada as those we are taking in connection with gold production we should get a production increase almost beyond our capacity to contain. Why not try it where necessary?

When we have supply in Canada up to a point where we can feel positive there is no danger of a shortage developing with a consequent rise in price through scarcity, why not use this device of state-created debt-free dollars which I have been suggesting? I close by saying once more that in my judgment the income tax is far, far too high. I did not say very much about excise taxes. I felt like saying something then, but I thought what I had to say would be more appropriate on this bill. I thank you, Mr. Speaker, for the opportunity of speaking as I have spoken.

Mr. Hodgson: I want to ask a few questions for my own information.

Mr. Deputy Speaker: Order. Probably that could be done more properly in committee.

Mr. Hodgson: It will only take a few moments.

Mr. Deputy Speaker: That does not matter. At this stage we are discussing the principle of the bill. As soon as the motion for second reading is carried then we will go into committee of the whole.

Mr. Hodgson: That is fine.

Mr. Deputy Speaker: If the minister speaks now he will close the debate.

Mr. Abbott: I will be very brief. One or two points were raised in the course of the debate concerning which I want to say a word, particularly the question of the allowance for medical expenses. I have already said what I am going to say, but in view of the speech made this afternoon by the hon. member for Winnipeg North Centre (Mr. Knowles) I feel I must repeat it. I feel deeply that it is a fundamental principle of our Income Tax Act that no expense which is an ordinary living expense should be paid out of income before tax. I happen to know that view is fully shared by my predecessor who introduced this measure. That is the reason I have been unable to bring myself to conscientiously recommend to parliament and to the country that this particular type of ordinary living expense, which unfortunately because of human frailty is an expense that sooner or later is incurred by every person in the country, should be wholly deductible from income before tax.

When the measure was introduced early in the war a figure of 5 per cent was suggested, after investigation, as representing what the average family spent for medical, dental and allied expenses. In order to mitigate the hardship of excessive medical expenses, provision was made that expenses in excess of 5 per cent should be deductible, with certain ceilings which were necessary for obvious reasons to prevent wealthy people getting undue benefit. As the hon. member for Winnipeg North Centre pointed out, that was lowered in 1944 from 5 to 4 per cent primarily to take care of expenditures for drugs which for administrative reasons it was difficult to include in the exemptions.

I do not say that it is, but it may be that the 4 per cent ceiling is too high. Perhaps it should be reduced. I considered that in the budget consideration, but I came to the conclusion that it was not. However, I did come to the conclusion that in the light of changed circumstances the ceilings might properly be raised. While I followed the direction of the house to consider the elimination of the floor and to allow all medical expenses to be deductible, those were the reasons I could not, as I have said, conscientiously recommend that course to the house and to the country.

Responsibility, Mr. Speaker, is a sobering experience. If others had had the experience that I have had of being Minister of Finance charged with the responsibility of raising very large sums of money and endeavouring to the best of my ability to spread the burden as fairly as possible over the taxpayers of Canada, I think they would come to the same conclusion I did. Some reference was made to by-elections. I put that view forward at a public meeting at the city of Kitchener in the constituency of Waterloo North, and that was one of the by-elections in which the Liberal candidate was successful.

Mr. Graydon: I would not crow too much over that one.

Mr. Abbott: I am stating it as a fact. I have repeated why I think it would be unsound, unfair and unjust to eliminate the floor with respect to medical expenses. Other points were raised in the course of this discussion but I think it might be more convenient if I were to deal with them when we are in committee. Members can then ask specific questions as to the points they have in mind.

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

On section 1—*Loan to shareholder.*

Mr. Hodgson: I should like to ask a few questions following up what was said by the hon. member for Peel. With respect to the collecting of income tax, excise tax, unemployment insurance and other things of that nature at the source, the cost of keeping the necessary books for small firms, and probably for some of the larger firms, has about doubled in the last few years. They are doing this work free for the dominion

government. What I am particularly concerned about is the expression "at arms' length". I should like the minister to outline what that term really means. Does it mean I cannot sell a business or property to my son or my brother?

Mr. MacDougall: Your uncle or your aunt.

Mr. Hodgson: Or to my uncle or my aunt. Where is the line drawn?

Mr. Abbott: I believe there is a definition in a later section, but since the question has been raised I might answer it now. My hon. friend will find the section on page 20 of the bill. Perhaps he might be good enough to look at it. He may not have read it. He will find it in subsection 2 of section 31 on page 20 of the bill. If he will read that I will deal with any specific questions he may have when we come to that section.

Mr. Macdonnell (Greenwood): Would the minister say a word or two about the interpretation of the words "bona fide arrangements"? I also want to ask what constitutes payment. Does the giving of a note constitute payment?

Mr. Abbott: I suppose what constitutes payment depends upon the law of the particular province in which the loan is entered into, but I would not think the giving of a note, which would simply be the extension or renewal of a loan, would constitute payment within the meaning of the statute. As to "bona fide arrangements", that would be a question for interpretation by the courts if there were a dispute, but as my hon. friend knows it means arrangements made in good faith.

Mr. Macdonnell (Greenwood): That is not my point. The minister says it means a mutual arrangement made in good faith, but is that all it means? Usually in the case of a loan you have something much more than good faith. You have security.

Mr. Abbott: My hon. friend will appreciate that there is a wide-open door here for evasion of tax by carrying through the form of making a loan. In order to protect the treasury against that there must be some provision such as this. In the event of a dispute it would be a matter first for the income tax appeal board and later the exchequer court to determine if in fact bona fide arrangements had been made for the repayment of the loan.

Mr. Macdonnell (Greenwood): I appreciate what the minister has said, but I am wondering whether in fact there has been sufficient experience in connection with the act so that precedents have been established which can be ascertained.

Mr. Abbott: My hon. friend will appreciate this is a new provision which is extending the operation of the section. It is a relaxing measure. It is permitting loans to be made which up to the present time have not been permitted. We have to be pretty careful about it because it could be abused, and that is why this provision is put in here.

Mr. Graydon: On that same question, a shareholder gets a loan from the company. What difference does it make whether it is paid back that year, the year after or the year after that? There must be some instances where that would work great hardship, actually.

Mr. Abbott: That would be the simplest way to avoid ever paying dividends. In the case of a company, as my hon. friend knows, when dividends are paid they attract taxes in the hands of the recipient, personal income tax. If there was no provision such as this in the act it would be the simplest way to avoid ever making a distribution of profits which should be subject to personal income tax.

Mr. Graydon: I quite appreciate that, and I quite agree with the motive that prompts that section of the legislation. But there must be cases from time to time where a genuine hardship is worked on that same basis, because after all the income tax department must, on numerous occasions, benefit very greatly at the expense of the individual taxpayer, and sometimes in what would seem to be almost a discriminatory way. I should think there must be some way legislation could be framed so that if the taxpayer did not pay the loan back, or part of it in any event during that current year, it could be paid back in another year without working the hardship that would seem to be imposed on the taxpayer in this instance.

Mr. Abbott: As my hon. friend will recall, being a legal man, this is a section that has been in the Income Tax Act and the preceding act for a great many years. Formerly it prohibited loans to shareholders, with virtually no exception. That has been successively relaxed. This represents the last relaxation, and for the good reasons I indicated to the hon. member for Greenwood it has to be hedged about with some considerable safeguards. This section now permits a loan to be made for any purpose, provided it is repaid within one year from the end of the fiscal period of the corporation out

of which the loan is made, that is the following fiscal year. So if it were made at the beginning of one fiscal year the maximum period allowed for repayment would be two years. If it were made at the end it would only be twelve months. That I think is a pretty generous revision. The original act said no loans to shareholders at all. The companies which are not in the lending business are not supposed to be lending money. If a man wants to borrow money, under ordinary circumstances he goes to a lending institution, the bank. In other words, loans are not to be used as a vehicle for getting dividends out without paying income tax.

Mr. Macdonnell (Greenwood): Will the minister not agree that there are other alternatives—

Mr. Abbott: That is right.

Mr. Macdonnell (Greenwood): There are the bona fide arrangements referred to in (a) which could be paid over ten years.

Mr. Abbott: That is right; that is for a limited purpose. The loan has to be for the specific purpose set out in (a).

Mr. Fair: Can the minister tell us what the official position is with respect to compensation paid to farmers in Saskatchewan on account of the foot-and-mouth disease?

Mr. Abbott: That will depend upon the Income Tax Act. If the receipt is income it will be taxed. If it is a capital receipt, it will not. There are complicated rules, as my hon. friend knows relating to basic herds, and all that kind of thing. The ordinary rules with respect to income will apply.

Mr. McLure: I should like to get an explanation with reference to interest. A merchant doing business nearly always has to borrow money. I know of one merchant who borrows considerable money; in the period of a year his bank loan would run to $25,000, and the interest over the year would amount to a considerable sum. One man I have in mind paid $3,000 to the bank in interest. Would that be taxed or not?

Mr. Abbott: I would think on the facts as outlined by my hon. friend that would be deducted from his gross income as a business expense, because the act provides that interest on money borrowed for the purpose of earning the income is an expense of doing business.

Mr. McLure: He could carry a smaller loan with that amount of interest year after year.

Mr. Abbott: If the bank would allow him.

Mr. McLure: That was a question I wanted settled. I have another question in connection with it. Suppose he is in a certain line of business and he cannot altogether prove that it is necessary for him to borrow that money to build up his business. Suppose the income tax people say to him: You have a frozen loan there, and therefore we cannot allow it. Is that not done in tax collecting?

Mr. Abbott: I would not think so. I always dislike to give free legal advice because I have been out of the business for so long.

Mr. McLure: The reason I asked the question is that the hon. member for Greenwood asked what constituted a payment. Of course if the man were borrowing from two banks and they were going to charge him interest on the income he could pay one back by a note from the other and overcome it.

Mr. Abbott: It sounds like high finance to me.

Mr. McLure: I do not think the minister answered the question of the hon. member for Greenwood.

Mr. Abbott: I thought I made it clear.

Section agreed to.

Section 2 agreed to.

On section 3.

Mr. Knowles: Clause 3 has several subsections. May we take them one at a time?

The Chairman: Is it agreed?

Some hon. Members: Agreed.

Mr. Knowles: Will the minister comment on subsection 1 of section 3. In that comment will he indicate whether there is any limitation on the amount of money that can be paid out or put into a superannuation fund as a lump sum? I have in mind the fact that the basic section we are amending is section 11 of the act which does provide certain limitations in respect of comparable payments.

Mr. Abbott: Yes. I should clarify that. I am not technically competent to explain what is known as a terminal funding plan but, broadly speaking, I understand that a pension plan will be set up by the employer whereby, instead of making annual payments to the fund as is done in the ordinary case, when the employee retires he pays into the fund, to a trustee, an amount which on an actuarial basis will be sufficient to provide that employee at the retiring age with a pension for the remainder of his life; and that amount which is actuarially appropriate to pay for that pension is paid into the fund at the retirement of the employee, and that is the amount which can be deducted.

Mr. Knowles: Subsection (f) which appears in the act just before where this one will

be put in relates to a similar matter, namely an employer's contribution to a pension fund. There is limitation of $900. I should like to know why there is no limitation in respect of this kind of payment. To be specific and perhaps of a suspicious mind, I would like to know whether it is possible for a corporation to provide a healthy pension to some retiring official in this way and escape income tax in doing so.

Mr. Abbott: The scheme has to be approved, and I am informed that the approval would not be given for any plan which is not fair and reasonable. In that connection, the limitation which is now contained in the act with respect to what I might refer to as an ordinary pension, or the more common type of pension plan, would be taken into account. The payment to which my hon. friend refers is of course the annual payment. It refers to payment year after year.

Mr. Knowles: The minister referred to a plan as one that has been necessarily approved. Is it an approval that has been given by the department on some previous occasion or can a special case be submitted for some particular individual and approval be received?

Mr. Abbott: Plans are not approved which do not cover employees generally. That has been standard practice in the department since the requirement for approval has been in force.

Mr. Macdonnell (Greenwood): I understand it is perhaps universal now that an individual who is a member of an approved plan gets an exemption on the payments he makes from time to time. On the other hand when he receives his annuity, that is taxable. There are still cases, I believe, where it may be paid in a lump sum, and my understanding is that in those cases the lump sum may be spread over three years. Am I right in that?

Mr. Abbott: That is correct; it may be spread back over the last three years. In those plans the trustees can, if they so desire, pay to the recipient an annuity rather than a lump sum. If it were apparent that the three-year write-off would cause undue hardship from the point of tax liability, then no doubt the trustees would be prepared to have the annuity over the forward period rather than the lump sum.

Mr. Macdonnell (Greenwood): Then do I understand that the question I have raised is really academic, because no man could ever be put in that position? Is that a characteristic of the plan, that he may always choose an annuity, so the three-year difficulty would not arise?

Mr. Abbott: That would depend, of course, on the by-laws of the fund. There may be certain circumstances in which he would have the right to withdraw a lump sum, but in all the by-laws of that kind I have ever seen it is optional for the recipient. If he exercises his option, then he does it knowing what his possible tax liability may be.

Mr. Macdonnell (Greenwood): If it is optional, of course I am completely answered.

Mr. Knowles: Subsection 2 of section 3 relates to the amendment that was first enacted last year concerning the deductibility of trade union dues, and this amendment would include payments made by workers covered by what is known as the Rand formula. I should like to ask the minister whether consideration has been given to making any other what might be called administrative changes in connection with this provision. As the minister knows, the deductibility of trade union dues was a most welcome provision. He has had experience before with some of the things he has introduced being welcomed, but at the same time those who are affected can see room for improvement. In this particular case I find a number of trade unionists are concerned over the complicated nature of the formula that applies to these deductions.

The complication arises out of two main facts. On the one hand it arises from the fact that payments for trade union purposes generally and payments into trade union pension plans, where such plans are approved, are covered separately. In other words they are covered in separate sections of the act. In the end it amounts to the same thing in dollars and cents, but it is very complicated for trade union secretaries particularly to have to issue two separate receipts, and to break down the dues that are paid in a lump sum as between those that are for trade union purposes generally and those that may be for a pension plan. I would point out that at the moment I am talking only about such pension plans as are approved. There are same trade union pension plans, in addition to the supplementary one in Toronto about which I have talked to the minister so often, which have not yet been approved. At the moment I am saying that the division between the two creates complexities.

The other complication is created by virtue of the wording further on in the section we are now amending, which says that one cannot claim this deduction for any purpose not directly related to the ordinary operating expenses of the association or trade union to which they were paid. This means that many unions have quite a time determining just what percentage of the dues that are paid

comes under this provision. For example, I am told that if a trade union is renting office premises, the rent that it has to pay is regarded as part of the operating expenses and therefore the amounts paid by members thereto are allowed. On the other hand, I am told that if a trade union is setting aside money to build or purchase its own building, that is regarded in a different light and is not allowed. Similarly, what are sometimes called defence funds are not allowed. In some cases they might amount to quite a bit, but in most cases they do not amount to very much in terms of tax saving.

I can speak with some knowledge on this matter because I happen to belong to a trade union that is affected. The union to which I belong has a pension plan which is approved. If I were to read the minister the formula that has been sent out to the secretaries of the locals across the country for working this out, he would admit it is rather complicated. This complication arises from two facts. The first is the distinction between pension payments and ordinary payments, and the other is that of knowing what expenses of the union are allowed. I wonder if consideration could not be given to combining the two payments into one, at least where the pension plan has been approved. My other suggestion is this. Would it not be possible to simplify the whole matter by making it possible for the whole of the trade union dues to be deducted? If the minister wants to put some kind of limitation on that, something in the nature of a ceiling, I suggest it would be a lot simpler if he were to base it on a percentage of the taxpayer's income rather than in the terms I have already described.

There is one other question I should like to ask. Would it not be possible to arrange for the T-4 slips, particularly in a case where the Rand formula or some other form of union security is in effect, to show these deductions and simplify the work of the secretary of the union concerned?

Mr. Abbott: I understand that the questions raised by the hon. member are now under consideration in the department. The returns are just coming in, and this is the first year in which this provision has been applied. It is another illustration of the fact that when one changes the act to achieve greater equity one introduces greater complexity. Every time we add one of these exemptions from income it does complicate the preparation and filing of returns, both by the taxpayer and by the tax department, but that is probably unavoidable.

Section agreed to.

[Mr. Knowles.]

On section 4—*Chief source of income.*

Mr. Macdonnell (Greenwood): Will the minister explain to me these negatives, which I find it hard to understand.

Mr. Abbott: As the hon. member will recall, this was the section which referred to the principal source of income, and then section 13(1) was introduced last year as a loophole section to cover what, for want of a better term, I shall call the hobby farmers—

Mr. Fleming: Gentleman farmers.

Mr. Abbott: Well, gentleman farmers. The idea of the provision was to limit the deduction which a gentleman farmer may take for income tax purposes against other income as a result of farm losses. It was felt it was no longer necessary to have the definition of principal source of income as contained in the original section.

Mr. Macdonnell (Greenwood): Yes, but will the minister explain to me these two words. The section reads in part:

> Where a taxpayer's chief source of income for a taxation year is neither farming—

I think I can understand that. Then the next thing is "nor a combination of farming and some other source of income." Is that a single source? Because it goes on to say:

> . . . his income for the year shall be deemed to be not less than his income from all sources other than farming . . .

Mr. Abbott: Perhaps it is a little bit confusing, but almost invariably these gentlemen farmers never make money from their farms. They always lose money; and they write off that loss against income from other sources, such as salary or investment income. The section as introduced last year was of course to limit that write-off to the lesser of the two figures mentioned.

Mr. Graydon: They make money in the city and lose it in the country.

The Chairman: Shall the clause carry?

Mr. Macdonnell (Greenwood): No, Mr. Chairman. I am sorry to be so insistent, but I am still interested in this wording. I want to go back to line 3 of the new section 13 that is within clause 4 of the bill.

Mr. Abbott: There is no change from the wording used last year.

Mr. Macdonnell (Greenwood): What I want to ask is this. I will cite a theoretical case. Suppose a man has an income of $10,000 a year from his profession. Then suppose he loses $10,000 a year on farming; the minister says they all lose money. I had a friend who, as he expressed it, supported a farm and as nearly as he could figure it out, it cost him a dollar to grow a cauliflower. Then let us

say that he has an income of $6,000 from some public office that he holds, such as membership on the international joint commission or something of that nature. I do not know whether they are paid or not. How does this thing work out in that event? I presume that he would be able to deduct one-half—it says "one-half his farming loss for the year"—of his farming loss.

Mr. Abbott: Or $5,000.

Mr. Macdonnell (Greenwood): He could deduct his farming loss. I have put down his farming loss at $5,000, so he could deduct that.

Mr. Abbott: He could deduct $5,000 from his gross income of $16,000. He has a loss of $10,000, of which he can deduct $5,000. He has income of $16,000. So his income for purposes of taxation would be $11,000.

Mr. Macdonnell (Greenwood): No matter how many other sources of income he has it would all apply in the same way?

Mr. Abbott: That is correct.

Mr. McLure: I have one particular case on which I should like to get a little bit of information, namely that of a farmer who is specializing in poultry and sub aqua farming. As to the poultry and sub aqua farming, he does not keep any definite records. But this year he has been asked to pay something on his sub aqua farming which gave him a certain amount of income.

Mr. Abbott: Will my hon. friend allow me to ask him what sub aqua farming is?

Mr. McLure: The growing of oysters.

Mr. Abbott: Thank you.

Mr. Harkness: "Sub" meaning "under" and "aqua" meaning "water".

Mr. McLure: I thought the minister was up in his Latin.

Mr. Abbott: I am told that, under the act, he is fishing.

Mr. McLure: Other words are used in the legislation that I do not know, such as *mutatis mutandis*. I thought, however, the minister surely knew what sub aqua farming was. That is what it is always called, and it means the growing of oysters. That is really farming. Those two can be taken as a combination. This man has to make a report on his poultry farming just the same as on his sub aqua farming, and the two of them can be taken together and shown as the income from the farm. Am I right in that assumption?

Mr. Abbott: Speaking subject to correction—and as I say, I am always diffident about giving free legal opinions—I am told that he is farming so far as his poultry operations are concerned and that he is fishing so far as his sub aqua oyster operations are concerned.

Mr. McLure: He is not fishing; he is farming. The act says he is a sub aqua farmer.

Mr. Graydon: The minister is sub aqua.

Mr. Abbott: May I quote to my hon. friend section 127 (1) (p) of the act:

> "fishing" includes fishing for or catching shell fish, crustaceans and marine animals but does not include an office or employment under a person engaged in the business of fishing;

Therefore, by definition, sub aqua farming is fishing.

Mr. Knowles: May I ask the minister to explain the real effect of this clause 4? The part that appears here in print is for the most part that portion of section 13 which is being retained.

Mr. Abbott: That is right.

Mr. Knowles: What we are actually doing by this is to eliminate the previous subsection 1 and subsection 2. Those subsections indicated that the income of a person for the taxation year shall be deemed to be not less than his income for the year from his chief source of income.

Mr. Abbott: It is no longer necessary. I thought I explained that a moment ago. If you are running a grocery business and a drug business, you can offset the loss in the grocery business against the profit in the drug business. The only case in which we do not allow that is in the case of the gentleman farmer, who is limited as to the amount of loss. It therefore no longer became necessary to put in a provision that the income of a person for the fiscal year shall be deemed to be not less than his income from his chief source of income.

Mr. Knowles: Are there no gentleman grocers or gentleman druggists?

Section agreed to.

On section 5—*Inadequate considerations.*

Mr. Macdonnell (Greenwood): I should like to know the reason for this amendment. Apparently the effect is to change the yardstick which was outlined in the preceding section. Now we have nothing but the word "reasonable" to replace it. What would be the test? Is it considered to be better to leave the thing absolutely at large, merely with the word "reasonable" as a guide?

Mr. Abbott: This is, of course, a loophole section. One purpose was to extend the ambit of the section to include payments as consideration for the carriage of goods or

passengers or for other services. It was not in the section as such. Then the phrase "reasonable amount" was put in. This, of course, is a question which, in the event of a dispute, can be determined by the courts and is not within the discretion of the minister.

Mr. Macdonnell (Greenwood): Yes; but previously you had a test. Am I right in thinking that previously you had a test? But here you just say "reasonable".

Mr. Abbott: It used to relate to people in the same line of business.

Mr. Macdonnell (Greenwood): That is right.

Mr. Abbott: This section relates to people who are not dealing at arm's length.

The Chairman: Shall the clause carry?

Mr. Knowles: Six o'clock.

Mr. Abbott: Yes; clause 5 carries.

Section agreed to.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

THE GREAT EASTERN INSURANCE COMPANY

Mr. Alan Macnaughton (Mount Royal) moved the second reading of Bill No. 243, to incorporate the Great Eastern Insurance Company.

Mr. Cruickshank: May we have an explanation of this bill?

Mr. Macnaughton: Mr. Speaker, this is the standard type of bill calling for the incorporation of the Great Eastern Insurance Company. It is in the ordinary form as approved by the superintendent of insurance. I am informed, and I know, that it follows the regular routine. I might point out, however, that the name "The Great Eastern Insurance Company" does not conflict in any way with another insurance company called Great-West Life Assurance Company. We have already approached Great-West Life Assurance Company, which deals in life assurance, whereas we propose to deal in fire insurance. There is common agreement between the two companies that there is no conflict.

The capital of the company is set forth in section 3 of the bill. The incorporators are set forth in section 1; and one of them, whom I know, is from my own constituency. Another is a personal friend. The head office is to be at Montreal. The types of insurance are listed in section 6. And then, as in all these acts, section 8 says that the company will be subject to the provisions of the Canadian and British Insurance Companies Act, 1932.

Mr. G. A. Cruickshank (Fraser Valley): I have one further question, through you, Mr. Speaker.

Mr. Deputy Speaker: Order. On second reading only the principle of the bill is discussed. The hon. member may ask questions when we reach the committee stage. After second reading this bill will be referred to the standing committee on banking and commerce. When it is reported from that committee it will go to committee of the whole, at which time the hon. member may ask questions of the sponsor. If the hon. member wishes to discuss the principle at this time, he is free to do so.

Mr. Cruickshank: Well, I guess the principle is what I wish to discuss. I presume the principle of the bill is to carry on an insurance company along normal lines, as carried out by a similar company in Canada. I presume, through you, Mr. Speaker, that the same restrictions would follow in respect of this company, including those having to do with capitalization. That was the question I wished to ask, because I know one of these insurance companies was incorporated in one of the provinces; but unfortunately due to the failure of the Home Bank—and that was one of the few business failures, due to the good work of the federal government—it failed. If I am not permitted to ask questions at this stage, I shall have to wait. However, I am sure the sponsor of the bill would wish to tell me whether those who are sponsoring and financing the company are going to conform with all the regulations as they have been laid down, and as they have been carried out by similar companies in Canada.

Mr. Deputy Speaker: Order. If the hon. member for Mount Royal speaks now, he will close the debate.

Mr. Macnaughton: That is right, Mr. Speaker.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

THE ECONOMICAL MUTUAL FIRE INSURANCE COMPANY

Mr. Arnold Darroch (Wellington North) moved the second reading of Bill No. 244 respecting the Economical Mutual Fire Insurance Company.

Mr. Graydon: I happen to know that the sponsor of the bill is anxious to make a full

explanation, and I hope he will not be denied that opportunity.

Mr. Macdonnell (Greenwood): And when he is explaining it, would he indicate the special significance of the word "Economical" as applied to this insurance company, as distinct from all others?

Mr. Darroch: Mr. Speaker, I wish to thank the hon. member for Peel (Mr. Graydon) for his expression of good will, and his confidence as expressed in the thought that I might be able to make a speech.

The bill asks that the word "fire" be omitted from the official caption of the insurance company, so that instead of being known as the Economical Mutual Fire Insurance Company it would be called the Economical Mutual Insurance Company.

I understand this company has been in operation for 80 years and that when they began business they were a fire insurance company. Down through the years however they gradually branched out into other lines of insurance, until now the fire part of their economy or business is practically non-existent. For this reason they wish to have the word "fire" omitted from their official title. The explanatory note sets out all this information much better than I could give it.

Mr. Graydon: That is a most satisfactory explanation.

Mr. Cruickshank: Mr. Speaker, may I ask a question at this stage.

Some hon. Members: No.

Mr. Cruickshank: I have several deputy speakers in front of me, giving me advice. I am simply asking a question.

Mr. Fournier (Hull): One question only.

Mr. Cruickshank: The hon. member has given an explanation of the bill in which he says the company is eliminating the word "fire" from its title; is that correct?

Mr. Darroch: Yes.

Mr. Cruickshank: Then, if I am permitted, I should like to ask why they are eliminating the word "fire". Is it because it was not profitable to write fire insurance? If so, will the shareholders of the company be protected? Surely that is a fair question.

Mr. Deputy Speaker: The point is not as to whether the question is fair, but rather whether it should be asked at this stage. If the sponsor of the bill speaks now he will close the debate.

Mr. Darroch: The company has complied with all the rules.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

BOUNDARY PIPELINE CORPORATION

The house resumed, from Friday, May 23, consideration in committee of Bill No. 62, to incorporate Boundary Pipeline Corporation—Mr. Larson—Mr. Robinson in the chair.

On section 1—*Incorporation.*

Mr. Cannon: Mr. Chairman, on a question of privilege—

An hon. Member: Hear, hear.

Mr. Cannon: Even in committee I can raise a question of privilege. I should like to refer to an article in the *Financial Times* of May 23 which in turn refers to an incident that occurred on April 24 in the committee on railways, canals and telegraph lines, when this bill was before that committee. This article reads:

> What Mr. Cannon did in effect was to gag a committee from getting more evidence about gas pipe lines.

I have read the report of the debates on this bill and I know also that the *Financial Times* was not the only one that has made reference to the fact that I gagged the committee and prevented it from getting evidence which in the opinion of certain people should have been obtained. I think it is time I made a statement on these accusations.

Mr. Green: Mr. Chairman, on a point of order, I submit that this is not a question of privilege.

Mr. Fournier (Hull): The hon. member is going to speak on the subject matter of the bill.

Mr. Green: The hon. member is making a speech, not speaking to a question of privilege.

Mr. Fournier (Hull): He is speaking on the bill.

Mr. Cannon: It concerns the bill.

The Deputy Chairman: I understand the hon. member is speaking on a question of privilege.

Mr. Green: May I inquire respectfully what the question of privilege is.

Mr. Fournier (Hull): Let the hon. member tell you.

Mr. Low: I hold that no question of privilege has been cited.

Mr. Fournier (Hull): Wait until he explains the question.

Mr. Cannon: Since the hon. member evidently was not listening, I will repeat it. The question of privilege I have raised is

that I have been accused in this article in the *Financial Times* of having gagged the committee and prevented it from getting evidence about the gas pipe line. That is a serious accusation to make about a member of the committee and I think I am entitled to defend myself on the record of the committee and the record of the house. I should like to explain what went on in the committee.

The committee was hearing a witness by the name of Herring. This witness was before the committee on April 22 and all morning of April 24. Then in the afternoon a further examination of the witness was being conducted by the hon. member for Calgary West. I was of the opinion that the cross-examination going on was not relevant, but I was not the only one of that opinion. I should like to refer to page 61 of the minutes of proceedings of the committee on railways, canals and telegraph lines and quote what the hon. member for Winnipeg South is reported as having said:

> The application before the committee at the present time has relationship to nothing east of Winnipeg. Although I have enjoyed it and I do not object, for the last half hour we have been arguing the whole question of exporting gas—a subject which has been argued ad nauseam and which will continue to be so argued. The fact is that the discussion has been informative but bears no relation to the responsibility put on this committee—that of dealing with a specific bill. Of course I am interested in what happens to the country.

The hon. member for Winnipeg South there expressed the opinion that the cross-examination and the discussion that was going on was not relevant to the issues before the committee. Then on page 77 of the proceedings of the committee we find this:

> Mr. Cavers: Mr. Chairman, if I may be permitted a word; I do not think anyone wants to cut out discussion here.
>
> The Chairman: I do not think anyone wants to cut out discussion here and I think the hon. member will himself agree that at the last session of the committee probably a wider latitude was given than is usual in matters of this kind.

He was referring to the hon. member for Calgary West having been given wide latitude. Then I quote further from page 87 as follows:

> Mr. Whitman: At the last session of this committee, Mr. Chairman, we had a lot of irrelevant discussion carried on, and after we had finished, certain information was asked to be produced by the witness at the call of the chair; that evidence has been brought here today. Now we have Mr. Nickle coming forward with some information. The witness has gone to some trouble to get this evidence for us. Now, if we are going to carry on in this way, we can stay here all the rest of this day and the rest of next week and get nowhere, merely to satisfy someone who apparently is not in favour of the passage of this bill. For that reason I think, with the evidence we have, that this is the proper time to pass on to the bill.

[Mr. Cannon.]

There we have three members of the committee expressing the opinion that the discussion and the cross-examination that was being carried on were irrelevant. At that moment I made a statement, which appears on page 87, which I should like to put on the record. It was as follows:

> Mr. Cannon: Mr. Chairman, may I say a word on that also? The other day Mr. Herring was heard at great length. One of the members at that time —Mr. Mutch if I remember correctly—considered that a lot of the evidence was irrelevant, that we were getting too far afield; nevertheless, we did hear the evidence given here the other day, and I was there, and I remember Mr. Nickle saying that if Mr. Herring produced the figures, the documents he asked for, as to the feasibility of the market, he would be satisfied. Well, Mr. Chairman, Mr. Herring has produced those figures here this morning and Mr. Nickle has continued his cross-examination on them. The only reason I make the motion I have made—

That was a motion I had moved already.

> —is that I understand there is no other witness to be heard. Have you any other witness to be heard? I know of no other witnesses. I submit this witness has been sufficiently cross-examined and that any further cross-examination would be just a repetition of facts which have already been brought before the committee and a waste of the time of the committee. I object very strongly to Mr. Green's declaration that I am trying to cut off discussion or that I am trying to protect anyone. I am not trying to protect anyone, and I have no interest in the thing either; but, just as a member of the committee in view of the fact that the evidence presented to us has been very complete, I think that we have now reached the time when it is proper for the chairman to put the question on the preamble of the bill, and that is the reason I made the motion that has been made.

That motion read as follows:

> Mr. Cannon moved that sufficient evidence has been obtained for the committee to decide as to the economic practicability of the pipeline under consideration; and that the question be put on the preamble without further examination of the witness. After discussion and the question having been put on the said motion, it was agreed to on the following division:

The only motion I had made was that the question be put on the preamble to the bill. I should like to refer now to page 2523 of *Hansard* of May 23 where the hon. member for Calgary West is reported as follows—

The Deputy Chairman: Do I understand that the hon. member has completed his question of privilege?

Mr. Cannon: No, this is on the same question.

Mr. Cruickshank: It seems to me the hon. member is trying to talk out this bill.

Mr. Cannon: I am not trying to talk out the bill, but I might as well be taking up the time of the committee as somebody else.

Some hon. Members: Hear, hear.

Mr. Cannon: The hon. member for Calgary West is reported on page 2523 of *Hansard* as follows:

> So far as the Boundary company is concerned, that proof was not obtained by the committee; and, in fact, the Liberal majority on that committee rode roughshod over the minority party members to prevent the hearing of cross-examination and evidence that I believe would have clearly established that the Boundary project is not economic.

The point I wished to make in moving the motion I did was that we had heard sufficient cross-examination and it was time to go on to the preamble of the bill itself. The point is that the hon. member for Calgary West at that time was not in fact cross-examining at all. He was simply trying to get on the record, through the medium of that witness, figures that had been prepared by others. The witness said he knew nothing about them. What was going on at the time was not in fact cross-examination at all. The hon. member was just trying to get something on the record through the medium of so-called examination of the witness.

Mr. Green: On a point of order, quite apart from the hon. member's question of privilege, I submit that he is now attacking the hon. member for Calgary West.

Mr. Cannon: I am not attacking the hon. member. I am answering him.

Mr. Green: If he wants to do that he should do so in the regular course of debate and not by way of a question of privilege.

Mr. Cannon: May I submit there are two questions—

The Deputy Chairman: Order. I understand the hon. member is still speaking to a question of privilege. I would ask him to be as brief as possible and as much to the point as possible.

Mr. Cannon: At page 81 the witness had the following to say in answer to some of the remarks of the hon. member for Calgary West:

> Not being familiar with the nature of their survey, I cannot answer that question positively; but the way we go about making a survey is to establish the economics of the pipe line, the load required, and whether or not it can meet the competition of the fuels available today.

The witness said in effect that he was not able to express an opinion on figures that were the result of other surveys and which the hon. member for Calgary West was trying to get on the record. At page 84 of the minutes of proceedings and evidence of the standing committee on railways, canals and telegraph lines we find that the witness said:

> As previously stated, we cannot prove the basis of our estimate until such time as we have completed the installation and have confirmed it by the contracts. We submit them only as evidence, and we would not be put in a position before this committee that we can definitely acquire every one of those markets, although I personally think we can.

I said to the hon. member for Calgary West on that same day:

> Is it fair to say, Mr. Nickle, that you are presenting another set of figures coming from competitive companies who wish to prevent this company from getting a charter so that it won't compete with them?

The hon. member for Calgary West did not deny that. He merely said, "Please let me explain".

An hon. Member: Read on.

Mr. Cannon: I say one of the reasons I made that motion was that it was unfair to the witness, after the statement he had made, for the hon. member for Calgary West to continue to quote figures from other surveys that the witness knew nothing about, and to try to put those figures into the evidence of that witness who said he had no knowledge of the surveys that had been made.

Mr. Hodgson: Who was the witness?

Mr. Cannon: Mr. Herring. The hon. member for Calgary West was acting as if he was a witness, and that is a point to which I am coming.

Mr. Hodgson: He was as much a witness as Herring was.

Mr. Cannon: If the hon. member for Calgary West wanted to get these figures on the record he had two very simple methods open to him. He could either have called the witness who had collected the figures and knew something about them or else he could have put them on the record simply by making a statement, something he did later on—

Mr. Hodgson: The hon. member for Calgary West was asked more questions in that committee than Mr. Herring.

Mr. Cannon: —because at page 103 of the record we find that the hon. member for Calgary West put a letter on the record which he had received from the Winnipeg Electric Company, and which takes up a page and a half. The point I wish to make is that all these claims about my gagging the committee and attempting to prevent evidence going on the record—

Mr. Hodgson: Didn't you move the motion?

Mr. Cannon: Just a minute—are just a lot of hot air, a lot of gas, because if the hon. member for Calgary West had wanted to get those figures on the record all he had to do was to get up and make a statement in the same way that he read the letter from the Winnipeg Electric Company into the record.

Mr. Hodgson: He couldn't do it for you fellows asking questions. He didn't have a chance.

Mr. Cannon: He had every chance had he wanted to convince the committee and bring proper evidence before it in the same way that the sponsors of the bill did.

Mr. Hodgson: You moved the motion to cut off evidence.

Mr. Cannon: Therefore I say on the question of privilege I brought up originally that the accusations that I tried to gag the committee—

Mr. Green: It is perfectly true.

Mr. Cannon: —or rode roughshod over the committee are not at all based on facts.

Mr. Hodgson: Didn't you move the motion to hear no more witnesses?

Mr. Cannon: If these people wanted to get any facts, figures or letters on the record all they had to do was to put them on the record.

Mr. Hodgson: He couldn't for you fellows asking questions.

Mr. Cannon: He did that later with respect to the letter from the Winnipeg Electric Company. There is one other question.

Mr. Graydon: Is this another question of privilege?

Mr. Cannon: It is another question of privilege with which I wish to deal, or the same privilege. At page 2401—

Mr. Hodgson: Read the same thing over again.

Mr. Cannon: Let me say what the question is.

Mr. Hodgson: Read the same thing over again.

Mr. Cannon: At page 2401 of *Hansard* the hon. member for Calgary West had the following to say about what had taken place before the standing committee on railways, canals and telegraph lines:

> I regret that that took place because those two members,—

He was referring to myself and the hon. member for Notre Dame de Grace who was also a member of the committee and seconded my motion.

> —in effect, have given their considered view, apparently, that the province of Quebec should not get natural gas from western Canada.

That, Mr. Chairman, is a statement which, to put it mildly, is entirely unsupported by the facts.

Mr. Hodgson: Didn't you move the motion?

[Mr. Cannon.]

Mr. Cannon: Yes, but if you will listen to me for a moment I am going to demonstrate so clearly that even the hon. member will understand that such a thing was as far away from our minds as it could be at the time.

Mr. Knowles: May I rise on a point of order—

Mr. Cannon: This is a company which—

The Deputy Chairman: The hon. member for Winnipeg North Centre.

Mr. Cannon: This is a company—

Mr. Knowles: You are not the hon. member for Winnipeg North Centre.

Mr. Cannon: No, I am not.

The Deputy Chairman: Order. The hon. member for Winnipeg North Centre on a point of order.

Mr. Knowles: I did not intervene when some hon. members complained at the start that the hon. member for Iles-de-la-Madeleine did not have a question of privilege because I felt that when he was citing something that had been said outside the house regarding his actions as a member of parliament he did have a legitimate point of privilege. But when he gets down simply to an argument with another member of the house I submit that one has to consider the wording of citation 192 in Beauchesne's third edition, which reads as follows:

> A dispute arising between two honourable members as to allegations of facts hardly fulfils the conditions of a privilege question . . .

Then there is citation 193 which reads as follows:

> Members often raise so-called "questions of privilege" on matters which should be dealt with as personal explanations or corrections, either in the debates or the proceedings of the house.

There is no question but that the hon. member has the right, when the floor is his, to answer the arguments made by the hon. member for Calgary West and to dispute any facts on which there may be differences of opinion between them, but I submit he should not claim that it is a question of privilege when he is merely arguing over something on which they differ.

Mr. Pouliot: If you will permit me, Mr. Chairman, the hon. member for Iles-de-la-Madeleine was not at all discussing a question of facts. He was demonstrating how false were the principles enunciated by the other hon. gentlemen. There is all the difference in the world.

The Deputy Chairman: Order. The hon. member for Iles-de-la-Madeleine has raised what in my opinion is a perfectly proper question of privilege. I would point out,

however, that points of privilege when raised should be as brief as possible. I would therefore ask the hon. member to co-operate by completing his remarks as quickly as possible.

Mr. Cannon: I shall do that, Mr. Chairman. I wish to say that the allegation that the members from Quebec were attempting to prevent gas from coming to eastern Canada is completely unsupported by the facts. The incorporation of this company, which is before the committee at this time, will not interfere in any way with the development of pipe lines to eastern Canada. The object of the pipe line which this company wishes to build is to bring gas from Alberta to Saskatchewan and Manitoba. The other company the hon. member for Calgary West is interested in, the Trans-Canada company, will have a much larger pipe line, if it ever gets built, and will go all the way to Ontario and Quebec.

There is a contradiction in the statement made by the hon. member for Calgary West because at one stage of his speech he said—

Mr. Green: Once again the hon. member is doing nothing more than attempting to contradict the hon. member for Calgary West. If he wants to do that, he should do it in the form of a speech in this debate, rather than using a point of privilege. I must ask you, Mr. Chairman, to give us your ruling on that point. If the hon. member can go on making a speech of this type, then anything can be raised on a point of privilege.

Mr. Croll: It has been.

Mr. Cruickshank: I want to speak to the point of order, and I want a ruling. I am asking you, Mr. Chairman, whether an hon. member can rise on a question of privilege and conduct what is commonly known as a filibuster. Many hon. members want to expedite this bill. There are some around me who want to expedite it, but they do not sit in this seat. There are others on the other side of the house who want to expedite it. Is it fair for an hon. member to rise on a question of privilege and make a speech which is commonly known as a filibuster? I want to know, Mr. Chairman. I could go on, on this point of order and make a speech for ten or twenty minutes.

Mr. Hodgson: Go ahead.

Mr. Cruickshank: That would not be quite fair. I want to know whether on a question of privilege an hon. member can go on quoting from a newspaper article written by a man called Tempus. It is a most interesting article. The hon. member for Iles-de-la-Madeleine, that delightful little island somewhere out in the Atlantic, quoted part of the article. I should like to know whether on the point of order I am permitted to discuss this newspaper article which was used by the hon. member in discussing his question of privilege. I am sure none of us wants to unfairly delay the passing of this bill.

Mr. Graydon: I should like to speak on the point of order. I am not going to make any suggestions that would convey the slightest thought that there is any motive in the mind of the hon. member who has been raising the question of privilege, other than that which he has mentioned. If it were some other hon. member, then he might have a different kind of motive, but I know the hon. member has not. What the hon. member is doing can be used as a device, Mr. Chairman, to stop the hon. member for Peace River from getting the floor and giving his opinion with respect to the pipe line. It is because this device might be used on some other occasion, and this could be looked upon as a precedent, that I am raising the point of order now. I do not think we should allow that kind of procedure or device to be employed in our committee work, because if we do we are going to upset the whole procedure and technique of debate on the second reading of bills generally.

None of us in the House of Commons was born yesterday, Mr. Chairman. We know pretty well that questions of privilege just do not develop into marathons like this. I think most of us understand it.

Mr. Cannon: Mr. Chairman, in answer to that particular statement I shall put an end to it now—

The Deputy Chairman: Order. I have listened carefully to the hon. member for Iles-de-la-Madeleine. As I said, I believe he brought forward a perfectly proper point of privilege. However, I do believe that the point of order raised by the hon. member for Vancouver-Quadra is well taken, and I would ask the hon. member to co-operate by closing his remarks on the point of privilege very shortly.

Mr. MacDougall: Just say amen.

Mr. Murray (Cariboo): Let the cannon roar.

Mr. Cannon: I should like to say that I have no intention of making a filibuster on this bill at all because, on the contrary, I should like to see it pass as soon as possible. Also, in answer to the hon. member for Peel, may I say that it was far from my thought

to prevent the hon. member for Peace River from making a speech. I regret if I have delayed him so far, but I reserve the privilege of taking part in the debate at a later time, Mr. Chairman.

Mr. Low: I think it was a nice type of running interference, and I must compliment the hon. member for Iles-de-la-Madeleine for doing it so smoothly and so nicely. I have no objection whatever to any person raising a question of privilege, but I always like to see a question of privilege put briefly and succinctly so we all understand it, and get it cleared away, then we can go on with our work.

When the adjournment time came at nine o'clock the other night I was dealing with the whole question of supply in the province of Alberta with relation to the pipe line that is now under discussion, and I believe I said then that whether or not this pipe line ever carried a cubic foot of gas or a gallon of oil would depend to a very large extent on two things: first, whether or not the province of Alberta discovered supplies of gas surplus to her present needs and to future needs for a period of some thirty years; and second, whether or not the psychology of the people of the province of Alberta was ever to come around to the point where they would consent to have gas exported.

The situation at the present time is fraught with grave difficulties and doubts, largely as a consequence of some very, very foolish speeches made here and elsewhere. In the course of his speech last week the hon. member for Lethbridge outlined very carefully the policy that had been followed by the government of Alberta in trying to produce a supply of gas and oil sufficient to take care of the needs of the Canadian people, and such as would justify the building of pipe lines to convey the oil and gas to other parts of Canada should it become the policy to export gas.

Well, the hon. member for Lethbridge pointed out how wise those policies had been, and he also made it abundantly clear to the committee that if it had not been for the wise policies laid down and carefully followed by the government of the province of Alberta there would never be supplies of gas and oil for export anywhere. I believe I said the other night I was not claiming, and I do not think the hon. member for Lethbridge was claiming, that the government of Alberta did it all. What we do say, sir, is that companies came to the province of Alberta upon invitation to risk their capital in searching for and developing oil and gas reserves when those supplies were found. We give credit to those people who came in and risked their capital. It was a joint effort, but I shall tell you this, Mr. Chairman, that if it had not been for the very wise policies laid down and followed by Alberta, these people would not have come in.

Mr. Murray (Cariboo): I am going to interrupt on a point of order, to say that the Imperial Oil Company spent $30 million in Alberta before the Social Credit people ever came in.

Mr. Low: I am grateful for the hon. member's impetuous interruptions, which he is always guilty of making. It is quite true, Mr. Chairman, and nobody has claimed otherwise, that the Imperial Oil Company did spend a lot of money. The question is, with what result?

Mr. Murray (Cariboo): They lost $30 million before they ever brought in a producer.

Mr. Low: For 25 years that company had been fiddling around in the province of Alberta, without any policy and without any result. I am going to quote something for the hon. member's enlightenment in just a moment. After the hon. member for Lethbridge had finished his speech, the hon. member for Vegreville became hysterical as a consequence of something the hon. member for Lethbridge had said, and he proceeded to read some very wild statements. In fact, Mr. Chairman, he repeated the current line of drivel one hears at present throughout the province of Alberta from his colleagues, and particularly from his adolescent colleague the leader of the Liberal party in that province. The speech of the hon. member for Vegreville reminded me of nothing quite so much as some of the speeches that have been made in China and Russia recently by one Dr. Endicott. I would not say those speeches were designed to do harm to our own country, but I shall tell you this; they were designed to bring comfort to the enemy, no matter what they did to this country. The speech the hon. member made the other night was exactly in that class. Nothing could have done more harm to his native province of Alberta than the speech he read here in this chamber.

Mr. Laing: We have heard some funny ones in British Columbia lately.

Mr. Decore: Mr. Chairman—

Mr. Low: I have been interfered with sufficiently, and I want to continue my speech.

Mr. Decore: Will you permit a question?

Mr. Low: I shall be very glad to permit a question later—

Mr. Decore: You are afraid to answer a question right now.

Mr. Low: I shall be glad to answer any question anyone wants to ask at the end of my speech. The hon. member for Vegreville proceeded to read this very queer speech. I could not help thinking then, what a reward to the people of Alberta for choosing the hon. member to represent that constituency. What a reward it was!

Let us look at what he said. I want to set this matter straight. It is a matter that has to be set straight. The hon. member went on to say:

> . . . that the Alberta Social Credit government has sold out the oil industry to big interests and foreign corporations.

Mr. Chairman, that is about as close to the truth as Dr. Endicott gets in his wild statements. It was definitely designed to do hurt to an industry that is struggling for the good of Canada, struggling to supply this country with the oil and gas it needs to make it strong. The Alberta Social Credit government has not sold one foot of any resource in that province since it came into power in 1935, not a single foot. The hon. member for Vegreville knows that what I say is the truth. I was a member of the provincial cabinet from 1935 to 1945, and I know. I was there and helped to lay down the policy. When the hon. member says we sold out I say to you, Mr. Chairman, that is a pure, unadulterated fabrication.

Companies of all descriptions, small ones, intermediate ones and big ones were invited to come into the province to risk their capital in the development of those resources, just as the hon. member for Lethbridge said in his very excellent speech the other night. When these people were invited to come in, policies were laid down to govern their activities in the province. I remember back as far as 1937 when the Hon. Mr. Tanner and I made trips to eastern Canada to see all the interests that could be seen, and asked them to come out and risk their capital in the development of that resource. We sent Mr. Tanner, the minister of lands and mines, over to Britain to see everybody he could see over there, and invite the British people to spend their money in Alberta. They did nothing. Since the British people have lost their Iranian oil fields, they have been looking down their noses and have wished they had come in. They wish they had the vision that other people had.

Further than that, there are a lot of people in eastern Canada today who wish they had some vision. There are a lot of people in eastern Canada who did put their money in the development of oil, gas and other resources in the province. We pay all honour to them. We say they share in whatever credit there is for the development of those resources. They are getting a decent run for their money, and they are secure. But when they did come in to risk their capital in the development of these resources, they did not buy a single foot of anything. They bought and paid a very heavy price for, first, the privilege of exploration over a wide area. After they had satisfied themselves in their exploratory efforts, then they were given, for a price, the right to select an area they could develop. They were given a lease on that area and nothing else, a lease which could be revoked at any time if the company did not fulfil every jot and tittle of the terms of the agreement.

The ownership of these resources stayed, and still remains, in the hands of the Alberta government. After the development took place, if the companies found oil or gas they began immediately to pay a top royalty to the government of the province. The starting point—at least when I had anything to do with the policy—was around 12½ per cent. It has been raised now until the average over the province is 14·1 per cent. The ownership of these resources remains in the crown, in the hands of the people of the province of Alberta. The rates for leases or royalties or rentals can be adjusted at any time after due notice has been given of that intention by the government of the province. At various times the government has made such adjustments in the rentals, royalty rates and so on.

These resources are, therefore, still in the hands of Alberta, and they have not been sold out to anybody. Let me just remind the hon. member for Vegreville and others that in the course of inviting people into the province for the purpose of developing these resources, I recall quite well that when certain leases on crown lands were thrown open for auction—not ownership of the land or the property but merely the right to drill and develop, subsurface rights—a corporation called, I think, the Saskatchewan Co-operative Refineries came in and competed with all other competitors for a certain parcel of land. They got it for a price. They proceeded to drill. I understand since that they struck oil, and that oil has been sent through a pipe line to Regina and is being refined there.

Is that selling out to the big people? I remember quite well that when I was in Saskatchewan speaking at some meeting, the people were mad because Alberta made the Saskatchewan Co-operative meet competitors and pay too much for the right to drill on the property. They said: Just look what you did to our co-operative refinery here; you made them pay too much. Well, maybe they did, but I will tell you this. They paid

it in competition with all others, and every one of them—small, intermediate and large—had a chance to bid on any properties that were thrown open for offers.

The hon. member for Vegreville went on and carefully protected himself by using this term two or three times. As reported at page 2399 of *Hansard* he said:

> My submission—and I challenge the hon. member for Lethbridge to disprove this—is that since the discovery of the Leduc field at least 75 per cent of the proven oil reserves in that province—and it may be as high as 90 per cent—are not in the hands of Albertans, not in the hands of Canadians, but in the hands of foreign corporations.

The hon. member for Lethbridge challenged him on two or three different occasions.

> Mr. Blackmore: I want the hon. member to tell us what he means by being "in the hands of." What do you mean by being "in the hands of?"

It is all very well to say "in the hands of", but what does he mean by that phrase?

Mr. Murray (Cariboo): The Social Credit government of Alberta.

Mr. Knowles: Too much oil.

Mr. Low: Yes, Mr. Chairman; too much oil and gas. If the hon. member for Vegreville meant that the right to drill and to develop the subsurface property in any area is within the hands of large companies or intermediate companies or individuals from the United States and other countries, perhaps he is right. I do not know.

Mr. Decore: Mr. Chairman, may I say that I meant control, for the information of the hon. member.

Mr. Low: I am glad the hon. member has said "control", because now I have him just where I want him. I thought he would bite before we got through. As a matter of fact I am somewhat in the position of the hon. member for Cape Breton South a little while ago, in spanking somebody here in this chamber. If my memory serves me correctly, it was the same hon. member. He said at the time that the hon. member for Vegreville has not been here very long; he is sort of adolescent, and is new to this political game.

Mr. Knowles: A tenderfoot.

Mr. Low: He tends to get himself into serious trouble every now and again. I thought the hon. member for Vegreville would have known better than to jump in with a foolish statement like the one he made the other night, because on two or three occasions he has made foolish statements and the hon. member for Red Deer has drubbed the daylights out of him. I thought he had learned something, but apparently he has not done so. In all kindliness I say to him that I think it is time he began to grow up just a little bit. When he says "control by foreign companies", I say that is absolute tommyrot.

The only control exercised over the resources of that province, which are in the hands of the provincial government today and which were in the hands of the provincial government in 1935, is by the provincial government of Alberta and nobody else. They control the leases, the rentals and the rates of royalties. They draw the contracts. It is they who can change those contracts. It is they who see to it that every term of the contract they make with any company is lived up to fully; and if it is not, the contract is cancelled. Any time the province of Alberta, through the conservation board, feels that it is desirable in the interests of conserving the resources to deal with the oil or gas in any of these wells, they can do so, or even the pipe lines or gathering systems or any one of them. Who controls them? Yet we have the hon. member for Vegreville, a lawyer, a man who has had a chance to study the use of explicit language, getting up and making a foolish statement like that. I think he ought to go back to school and learn some more law, particularly how to describe, in terms that are exact, just exactly what he means.

I say to you, Mr. Chairman, that nobody controls those resources except the government of the province of Alberta; and they will continue to control them. For the benefit of the hon. member for Vegreville—who, by the way, probably was not born then—in 1935, when we first went into office in the province of Alberta, we found that when the federal government turned back the resources to our province in 1931 approximately 50 per cent of all the subsurface rights, subsurface minerals and wealth, had been alienated from the crown by deeds of gifts to various and sundry people including some close friends of certain governments.

Mr. Blackmore: At Ottawa.

Mr. Low: Yes, of governments at Ottawa. They had been alienated by deeds of gifts to companies like the Canadian Pacific Railway Company, Hudson's Bay Company and others, leaving, I am told, just less than 50 per cent of those subsurface rights in the province of Alberta. In 1935, when the government that is now in office in Alberta, namely the Social Credit government, went in, it began laying down a specific policy and it said this. Those resources that remain in the hands of the crown that have not been alienated by previous governments, we will preserve and keep as crown lands; and from that day to this they have been called crown lands. Not a single foot of them has been

given away or alienated from the crown since that time. There are certain lands there that are called freehold lands that were alienated, as I have already told you, and on those lands the province of Alberta has nothing much to say about the subsurface rights, with the one exception. In 1936 and 1937 we made a survey of the whole situation in the province and found that it was possible to apply a reasonable taxation to those mineral rights on freehold lands; and the government of the province of Alberta applied a reasonable tax on those lands.

Mr. Murray (Cariboo): Mr. Chairman, the farmer gets no interest or no value at all.

The Deputy Chairman: Order.

Mr. Low: Mr. Chairman, the next time these private bills come up for discussion the hon. member from up in the north country will get his answer, I suppose. However, I want to complete this statement. I see it is about nine o'clock. As I said, when it was discovered by the province that they could apply a reasonable tax to the mineral resources on freehold lands, they did so. But that is the extent to which the government of any province can interfere with freehold mineral rights. As to the other rights—that is, those mineral rights on crown land—there has been laid down a definite policy of development, and that policy of development is adjusted to keep the control and ownership solely in the hands of the government; and no one else has any control whatever.

Section stands.

Progress reported.

Mr. Deputy Speaker: The hour for private and public bills having expired, the house will resume consideration of the business which was interrupted at six o'clock.

INCOME TAX ACT

The house resumed consideration in committee of Bill No. 205, to amend the Income Tax Act—Mr. Abbott—Mr. Beaudoin in the chair.

The Chairman: The first five sections have been carried. We will now proceed with section 6.

On section 6—*New property deemed substituted.*

Mr. Knowles: Will the minister explain the purpose of this section, and indicate whether it is a relaxation clause or whether it plugs a loophole.

Mr. Abbott: It plugs a loophole. The suggestion has been made that if the property substituted for the taxable property for which the provision is made in section 22 has been substituted a second time, it might escape the provisions of the act. That was never intended, and this is to make it clear that substituted property means property which is substituted down through a series of substitutions.

Mr. Knowles: No matter how many substitutions?

Mr. Abbott: Correct.

Section agreed to.

On section 7—*Medical expenses.*

Mr. Knowles: This is the section that relates to the deduction for medical expenses. It provides one or two changes from the basis previously in existence, notably in that it raises the ceiling in two respects, and also makes a slight change in the wording of the preliminary part.

The wording as it now stands requires that, in order to be deductible, medical expenses must be both incurred and paid within a twelve month period ending in the taxation year. From now on it will be possible to claim those expenses, even though they are only paid within such a twelve months period. That change is a welcome one. It does not solve some of the problems I have suggested from time to time, particularly in the case of those who are faced with bills so heavy that it might take them two or three years to pay them off. Nevertheless this is some improvement and, because it is in that direction, it is helpful.

However, while I am on this section I feel I should say a few more words concerning the refusal of the minister to consider at this session the removal of the 4 per cent floor. This afternoon during the debate on second reading he indicated that he had considered the matter again, after my motion of March 26 was passed by the house, but he still felt that he could not conscientiously recommend the abolition of this provision. I believe I am representing faithfully what he said if I say he bases his position with respect to the removal of the floor on the ground that 4 per cent of one's income is the ordinary or average amount a taxpayer spends on medical expenses. If that is so, I take it that it is his contention that there is no great advantage in providing relief to everyone which, in turn, has to be made up by charging those same people taxation in some other form so as to make up for the relief given.

The fallacy in the minister's position is that it is based on the concept of averages. It is one thing to say that the people of Canada spend on an average 4 per cent of their incomes on medical expenses, but it is quite a

different thing to say that makes it an ordinary amount which everyone in Canada is paying. If the minister could claim that 4 per cent of one's income is an amount everyone actually pays, then I would say there is some point in his argument. He could claim that since everyone pays 4 per cent of income for medical expenses, the fair thing would be to provide tax relief for those who have to pay more than that floor which everyone has paid. But this 4 per cent figure trotted out as the average amount that people spend is not a floor; it is only an average.

There are many fortunate people in Canada who in the course of a year get by without spending as much as 4 per cent of their income on medical expenses. There will be some extremely fortunate people who get by in a year without spending anything on medical expenses. It may be that those who are fortunate one year will not be so fortunate another year. Part of what the minister said is correct, namely that medical expenses sooner or later catch up with all of us, but not every one of us every year. Again, thinking of all of us, in our lives as a whole, there is an average amount paid. But no one is right at that average point. And it is because of the wide variation between those who have to spend nothing at all on medical expenses and those who are called upon to spend large amounts, that it seems to me the 4 per cent figure for deductibility is unfair.

The minister may say I have admitted that those who are fortunate enough in one year not to have medical expenses do have them in another year. All right; let the income tax arrangements provide relief in the years when one does have medical expenses, and let the taxpayer forgo any such relief in the years when he is fortunate enough not to have those expenses.

There are other aspects of the matter I could discuss, but since we have brought this matter to the attention of the minister time and again, I shall not go into it at greater length this evening. In a sentence or two I would urge that the minister should remember that his definition of medical expenses does not include many things entering into the cost of an illness. That is another reason why, with that restricted definition, I feel there should be no floor at all. But the main basis upon which some of us rest our case for the abolition of the 4 per cent floor is as I have stated, that the 4 per cent figure the minister is using is merely an average; it is not a floor.

What one must consider is that people have these tremendous variations. I hope the minister will even yet reconsider this position and make some change. I feel so strongly that the floor should be abolished altogether that I dislike suggesting any compromise by way of reducing it; but I would rather see it at, let us say, 3 per cent, 2 per cent or 1 per cent than to remain at 4 per cent. At any rate I still hope the minister will do something about the matter at this stage.

Mrs. Fairclough: Mr. Chairman, as I have said on former occasions, I too feel that the floor should have been abolished. I was interested this afternoon in the minister's remarks. I feel he is sincere in his contention that a certain floor is equivalent to ordinary expenses, or what he calls ordinary living expenses.

Mr. Knowles: Medical expenses.

Mrs. Fairclough: The minister called it ordinary living expenses. I feel there is a point that has probably been overlooked right along. Wherever you have even small expenses with regard to illness there are always extraordinary expenses to be met in the home. Those expenses cannot be called ordinary living expenses. They may be due to the need of extra help, to the necessity of buying luxury foods in order to tempt the ill person to eat, or they may be due to the necessity of travelling to the hospital or wherever the ill person may be. I contend, as I have contended previously, that these expenses amount to far more than the 4 per cent of income which the minister contends is reasonable for the average taxpayer to assume for medical expenses.

I do not wish to belabour this point because I have spoken on it on several occasions and I am sure the committee is quite familiar with my views; but in proposing the amendments to the act I think the minister might very well have made 26 (b) read, "an amount equal to the medical expenses paid either by the taxpayer or by his legal representative."

Most of us are faced with ordinary medical expenses, and I think we all realize that when severe medical expenses must be met any concession is of value. I urge the minister now, as I have on previous occasions, to reconsider this matter carefully and take into consideration the fact that in the last few years living costs have advanced to the point where former considerations are no longer current. We have passed from the era of a few years ago when taxes were low, when exemptions were higher and when the average family faced with illness did not have to contend with the high cost of the services rendered or of the medical supplies that might have to be procured. Under these circumstances I feel that despite the hours that have been spent

on this point by the committee, and I am sure also by the department, too little consideration has been given to it.

There is another point in connection with section 7 to which I should like to speak at this time. This was referred to this afternoon by the hon. member for Calgary East. I refer to the employment of full-time help in a home where illness occurs. This is covered by section 26 (b) (iv) and (v) where deductions are allowed for the expense of employing a full-time attendant for persons who are ill or who are totally disabled or blind.

Mr. Abbott: I suppose my hon. friend is aware of section 26 (b) (iv)?

Mrs. Fairclough: I have not yet reached the point. I am making a comparison between the home which has lost its housekeeper, let us say, either through illness of the housekeeper herself or through her employment in order to earn a livelihood for her family because of the illness of the normal breadwinner in the home. The government has recognized that under certain circumstances deductions should be allowed for the cost of a full-time attendant for a person necessarily confined by reason of illness, injury or affliction to a bed or wheelchair. Then in the next paragraph reference is made to the remuneration for a full-time attendant upon a taxpayer who is totally blind.

That being so, the government should also give consideration to the household which has been deprived of the person who normally keeps house and takes care of the children in that home, either by reason of the illness of that person or the illness of the breadwinner in that home as a result of which the normal homemaker is obliged to seek some sort of employment which will provide her with the means of sustaining her family.

For that reason I support the contention which has been put forward in this committee, especially this afternoon by the hon. member for Calgary East, that a deduction should be allowed for the remuneration of one full-time attendant required under these circumstances.

Mr. Rowe: Mr. Chairman, I find myself in full agreement with the hon. member for Hamilton West and the hon. member for Winnipeg North Centre. I do not wish to delay the committee because I have mentioned this matter before. I urge the Minister of Finance and the government to reconsider their position on this matter. I cannot understand their attitude with reference to it. I think it will be admitted that the whole committee is in favour of the elimination of this floor.

In these days when we are talking about social welfare, the welfare state, the necessity of doing so much for so many, surely this exemption is highly justified. If an hon. member wishes to contribute to a hospital he may deduct that contribution for income tax purposes. We are talking about establishing health programs and so on, and I do submit that the cost of illness within the family should be exempt from income tax. I do not think there should be a floor under that exemption.

I am sure we all know of many families who have suffered terrific losses. We must know of young men and young women with small families who have had their plans interrupted, who have had to give up business enterprises, who have been stalled and stymied, who have had their whole lives changed because the wife or husband has been seriously impaired by illness. As the hon. member for Hamilton West says, it is not only the cost of the illness that bears so heavily, it is the complications that are involved in such illness. I would go even further and say that any person who is generous enough to contribute toward the cost of illness in another family is just as much entitled to exemption for income tax purposes with respect to such payment as if he had made a contribution to a hospital. Therefore I urge that the Minister of Finance reconsider his position. I know he is a sympathetic and kindly natured gentleman.

Mr. Gibson: Be careful.

Mr. Stick: The elections are over now.

Mr. Rowe: One of his supporters says the elections are over. They are not over yet. There will be more coming, and some important ones. Coming events cast their shadows before, and if you started to dream last night about the future you should have seen shadows of dangers to come unless you listen to the opposition, which evidently is more popular than you are at the present time. I do not want to embarrass the government. If I had been here last night I might have been impelled to embarrass them, but tonight I feel there is always a calm after the storm. I have seen the hilarious attitude of government supporters when they won one by-election, but they will observe the Conservative quiet when we win four or five.

Mr. Sinnott: You should have been here at three o'clock today.

Mr. Rowe: I am not disturbed by these rumblings. They are the anguish of pain rather than rejoicing. I am not going to chide the Minister of Finance about his misfortunes. He knows them better than I do, but in all

seriousness I urge the government to reconsider their position with respect to this matter. Like every other hon. member, no matter how long or short a time he has been in the house, I have had experience with the troubles of our constituents. Whether or not they are our supporters they come to us if we are in public life, and we sympathize with those who suffer from illness. I say again that I cannot see why the cost of illness should not be exempt from income tax without a floor. I think of labouring men who have been embarrassed by having to accept assistance from municipalities, women who have had cancer, children who have had tuberculosis, children with infantile paralysis.

Strange as it may seem, unfortunately I believe it is a fact that the percentage of illness is greater among those who can least afford it financially. I feel that if the Minister of Finance wished to help some unfortunate family in Dufferin-Simcoe his contribution should be exempt from income tax just as much as if he made a contribution to a hospital in Montreal, or a hospital in Toronto. I think it is only sound, and I urge in all sincerity that the minister reconsider his position. He is aware of the support this proposal has had from all corners of the house. If a proposal for health insurance or a welfare state has anything except a popular appeal for political purposes, then surely the exemption of contributions to the cost of illness is merited in the case of those who may wish to assist not only their own families but, if they are fortunate to have no illness in their own families, to assist other families. I think it should be carried that far. It should be just as legitimate and sound to exempt such contributions from income tax as if a person gave $5,000 to a hospital, for which he is exempted from income tax.

I am not going to detain the committee further except to say that to my mind the proposal is sound from every angle. From the way the house supported the resolution before it earlier in the session, I believe it is wholeheartedly in favour of the proposal. Therefore I urge the Minister of Finance to reconsider his position not because there is any political aspect to this proposal but because it has a sympathetic touch, economic soundness and humanitarian logic that no one can deny.

Mr. Abbott: There is not very much I can add to what I said this afternoon, but I was interested to hear my hon. friend say that he supported the proposals made by the hon. member for Winnipeg North Centre. Knowing his views I was particularly surprised, because the hon. member for Winnipeg North Centre quite properly said that when one suggests a loss of revenue, in this case of from $48 million to $50 million, one should suggest an alternative means of raising it, and he suggested an increase in the corporation income taxes. I was not quite clear whether my hon. friend was supporting that portion of the suggestion.

Mr. Croll: He endorsed it in full.

Mr. Abbott: I think he endorsed it in full.

Mr. Rowe: I might add that I happen to be the head of a little corporation from which the government now takes 56·4 per cent, and there is very little left. However, I will quite readily agree to take as much more as is needed to make up the balance in order to help people who are ill.

Mr. Abbott: I wonder if my hon. friend's directors would confirm that statement.

Mrs. Fairclough: I submit that the minister has yet to substantiate his claim that it will cost $48 million to $50 million.

Mr. Abbott: There is one matter I should raise in answer to a point brought up by the hon. member for Dufferin-Simcoe. The proposal to entirely exempt medical expenses from income tax only gives relief to income tax payers so far as medical expenses are concerned. There are a great many wage earners in this country who, by reason of marital exemption and so on, do not pay any income tax. I think it is quite proper that a wealthy man like the hon. member for Dufferin-Simcoe should make a contribution to the Toronto hospital and that I should make a more modest one to the Montreal hospital in order to assist those people in our communities who, by reason of lack of income, are not able to pay their medical expenses, and who perhaps are not income tax payers.

Mr. Rowe: Thanks for the compliment. I did not have enough left to contribute to them.

Mr. Noseworthy: Following the line of argument the minister has just advanced, the very fact that there are a great many wage earners in Canada, who, because they do not pay income tax—

Mr. Abbott: About half of them.

Mr. Noseworthy: —would not derive any benefit from the abolition of the 4 per cent floor, is in my opinion no good reason for retaining it for those who do pay income tax. The reason that half the people in Canada today have no health insurance and no protection against sickness is that the Liberal

government, which has been promising health insurance since 1919, has failed to keep its promise.

Mr. Abbott: Do we have to debate health insurance tonight, Mr. Chairman?

Mr. Noseworthy: Because of that fact the people of Canada today have no protection against sickness. That being the case, I would say it is all the more argument why the minister should relent with respect to the position he has taken. As the hon. member for Dufferin-Simcoe pointed out, it is granted that the minister may lose a few million dollars, but we in this group have pointed out how the minister can make up that loss.

Mr. Abbott: You have the support of Dufferin-Simcoe now, too.

Mr. Croll: And the hon. member for Moose Jaw.

Mr. Noseworthy: The hon. member for Dufferin-Simcoe has offered the minister an alternative. He has said that as far as he is concerned he is quite willing to support higher taxation of corporations in order to offset the revenue—

Mr. Gibson: How naive can you be?

Mr. Noseworthy: —that would be wiped out by the elimination of the 4 per cent floor on medical expenses. What is more important, if the minister refuses to wipe out the whole 4 per cent I would urge that he at least consider a compromise. A man in the $3,000 income bracket must have a medical bill of $120 before he can get any relief at all. A man in the $2,000 income bracket must have $80. That is about as much as the ordinary working class people can ever afford for health and medical bills. If their bills are larger than that they will have to go into debt or go without medical service. They will have to keep away from the hospital when they need it. Even a reduction of 2 per cent would be some relief.

Then there is this further point. I doubt whether any measure that has ever come before this parliament has had more popular support throughout the country than the motion which this house unanimously adopted to eliminate the 4 per cent clause. These are the people who are concerned. The people who pay the taxes are quite ready to see that 4 per cent wiped out. I urge the minister to let this clause stand for the time being and give it further consideration. If he is not willing to wipe out the entire 4 per cent, then compromise and wipe out 2 per cent.

Mr. Knowles: I was hoping the minister would agree to that request to let the clause stand.

Mr. Croll: Why?

Mr. Abbott: I have given it the fullest consideration, as I said this afternoon.

Mr. Knowles: I was hoping that a little further thought might result in the minister changing his mind. After all, some progress has been made. He did get the support of the hon. member for Dufferin-Simcoe in connection with the proposal I made. Surely the minister should not expect everybody else to make moves and for him to make no move at all. The house expressed its view on this matter on my motion of March 26. The hon. member for Dufferin-Simcoe is prepared to pay more taxes to make up any extra cost, and I suggest in all seriousness that this indicates the attitude of people generally toward this whole problem.

I indicated when I was on my feet earlier that I feel so strongly the floor should be wiped out altogether that I hesitate to suggest a compromise. But I said before, and my colleague the hon. member for York South has repeated it, that if the minister is not prepared to go all the way and wipe out the floor, surely he should reconsider reducing it to 2 per cent, or to a nominal figure of 1 per cent. I admit if he did that I would introduce a motion next year to wipe that out, but it would be progress in the right direction. If he is not prepared to consider that compromise may I ask him to consider another one that was sent to him—at least, I trust it came to his attention—from the Windsor chamber of commerce. That body on May 13, 1952, addressed a letter which I believe was sent to all members of parliament, in which they enclosed copies of a number of resolutions on taxation matters, and one of them related to this question of the deductibility of medical expenses for income tax purposes.

The specific suggestion made by the Windsor chamber of commerce was that the 4 per cent relate not to the total income of the taxpayer but to the taxable income. The minister realizes that this would lower the basic amount that the 4 per cent would produce, because the $3,000 taxpayer, to whom my colleague the hon. member for York South was just referring, must at the present time spend $120 before he starts to get any benefit from it. If on the other hand he was a married man with $2,000 exemption his taxable income would be $1,000 and 4 per cent of that would be $40. As a matter of fact, in the resolution submitted by the Windsor chamber of commerce a couple of examples were worked out, showing that such a change would be of greater benefit to those in the lower brackets. Those in the lower brackets in many instances would

find their position improved doubly; whereas those in the upper brackets would find the relative improvement much less.

I can say with respect to that the same as I said with respect to lowering the floor to 2 per cent or 1 per cent, namely that it is only a compromise. It is, however, a move in the direction of wiping out the floor altogether, and I very strongly feel that should be done. But I wonder if as a compromise the minister has considered either of those proposals: reducing the floor to a lower percentage, or the proposal contained in the resolution of the Windsor chamber of commerce which was addressed to the Minister of Finance and, I presume, submitted to him.

Mr. Abbott: I considered those proposals and, as I indicated this afternoon, I considered whether the 4 per cent figure should be lower, but I came to the conclusion that it should not be at this time. The proposals which are made in this section that is now before the committee represent the maximum which I am prepared to recommend at this time.

Mr. Knowles: Will the minister comment on the point raised by the Windsor chamber of commerce?

Mr. Abbott: It is exactly the same proposal that is made by the hon. member for York South. In effect it is reducing the 4 per cent, and the principle on which the 4 per cent is based is that it represents the average expenditure by a person of his total income on medical expenses. And as I said before, the principle on which this section is based is that no ordinary expenditures should be paid out of income before taxes. It is only exceptional or unusual expenses, and the logic and the reason behind the provision in the act is that it is only expenditures that are in excess of this national average that are unusual or exceptional medical expenses.

Mr. Knowles: We will try again next year.

Mr. Murray (Cariboo): This brings to mind that all hon. members are anxious to assist those who are in distress, the widows, the orphans, the poor; but a time will come when this house will have to decide between Marxian socialism, the gospel of Karl Marx, and that of common sense.

The Chairman: Order. The various doctrines to which the hon. member has referred are not included in the clause under study, therefore I do not think he should refer to them.

Section agreed to.

On section 8—*Dividends not deductible.*

Mr. Macdonnell (Greenwood): Clause 8 is highly technical. I wonder whether the minister will explain in a general way what is behind the deduction and also refer to the limitations that are introduced.

Mr. Abbott: There are a number of subsections here which relate to different matters, as the explanatory note indicates. The first, that is subsection 1, is a relieving provision. It extends the provisions under which a corporation receiving dividends from another corporation may deduct such dividends in computing taxable income to include dividends from certain foreign business corporations. There are not very many of these, but the situation needed correcting. I shall ask to have an amendment moved in a moment to make part of the section effective from 1950. As I say, it is a relieving section. We have had representations from tax foundations and others that this should be made effective from 1950, when the section first came into force. We have looked into it. We feel sure there can be no possibility of abuse, and before the section passes I shall ask that these subsections be made applicable from 1950.

The subsections referred to relate to the block provision which was inserted in the act when we enacted section 95 (a) permitting the payment of a 15 per cent rate on accumulated surplus, and was put there in order to prevent the transfer of surplus of one corporation to another corporation and thereby avoid the payment of tax on this accumulation.

These subsections, which are long and rather technical, are intended, as the explanatory note explains, to clear up an anomaly in the present law where shares of a company have rights to dividends upon winding up which differ from those existing prior to winding up. It is to take care of shares nominally known as class A, class B or some other type of share, which has different rights, depending upon whether distribution is made while the company is in existence or whether distribution is made when the company is being wound up.

I am reminded that the hon. member asked for this or a similar provision last year. I told him that consideration would be given to it, and the officers of my department have studied the matter in the meantime. This long and rather involved section is the result of that examination. The main section, as the committee appreciates, is a loophole section. It is a section to prevent the avoidance of tax, but these amendments are to

make sure that in certain special cases such as I have indicated, there will not be any unfair operation of the section.

Mr. Macdonnell (Greenwood): In the last subsection—

Mr. Abbott: I am not speaking about subsection 4 now. I should have covered that.

Mr. Macdonnell (Greenwood): It is that subsection I wanted to ask about.

Mr. Abbott: That again is a technical section; it is a relieving section. The hon. member will recall that one is allowed to offset losses, but the effect of this section is that the corporation must have owned the share 365 days or longer before the loss was sustained, and the corporation must not, at the time the dividend was received, have owned more than 5 per cent of the issued share capital of the corporation.

The committee is aware that it is possible for what is known as a trading company, trading in securities, to deduct losses on securities from its income, whether that income is derived from profits on securities or from interest and dividends. I am informed this is a relieving provision.

Mr. Macdonnell (Greenwood): How is the 5 per cent determined?

Mr. Abbott: It is 5 per cent of the issued share capital. It is just to make sure there is not any semblance of control of the corporation from which the dividend is received.

Perhaps my colleague would move the following amendment:

That subclause 6 of section 8 of Bill No. 205 be amended by deleting the figures "1952" therein and substituting therefor the figures "1950."

Mr. Fournier (Hull): I so move.

Mr. Croll: How will that clause read with the amendment?

The Chairman: It will read as folows:

Subsections two and three are applicable, where the receiving corporation acquired control of the payer corporation after May 10, 1950, to the 1950 and subsequent and taxation years.

Shall the amendment carry?

Amendment agreed to.

Section as amended agreed to.

Sections 9 to 14 inclusive agreed to.

On section 15—*Election.*

Mr. Macdonnell (Greenwood): This section provides that section 39 is to be amended by adding section 39A, and it appears that this section 39A is amending section 20 and seems to deal entirely with the subject matter of section 20. Why is it attached to section 39?

Mr. Abbott: I am told that it is not attached. It would appear to be the appropriate place to put it because it just precedes the division which relates to returns, assessments, payments and appeals. It is under the heading "Rules applicable to all taxpayers", and as the explanatory note indicates it extends the spreadback allowance to corporations as well as to individuals.

Section agreed to.

Section 16 agreed to.

On section 17—*Where property owned for non-resident persons.*

Mr. Macdonnell (Greenwood): I find that section 17 (4A) reads:

Where all the property of a trust is owned by the trustee for the benefit of non-resident persons or their unborn issue—

Will the minister explain how that arises?

Mr. Abbott: There are certain trusts the beneficiaries of which are non-resident persons, and which receive income from non-resident owned investment companies. The hon. member will recall that these companies are taxed on their income at a special rate but the dividends are exempt from tax, so this section is designed to prevent double taxation on those revenues.

Section agreed to.

On section 18—*Armed forces regulations.*

Mr. Macdonnell (Greenwood): How is this section actually going to work out?

Mr. Abbott: This is the new system of taxation with respect to the armed forces which was introduced last year. The committee will recall that, speaking very generally, the pay and allowances of the armed forces were considered as though they were completely separate income from anything else. Provisions were worked out with allowances for charitable deductions and so on, deductions were established, and a soldier had no further obligation to file any income tax return. The system has been well liked by the armed forces, but as the legal members in the committee will appreciate there were some very serious technical difficulties involved. The officials of national revenue, the armed forces and my department have been trying to get this system codified, but frankly up to the present time we have not been able to do it.

This section gives a discretionary power to establish regulations setting out these details. The alternative would have been to abandon the privilege entirely, which no one wanted to do. The section sets out the principles upon which the tax is to be assessed. The regulations, which I hope we shall have ready within the next month or two though

I shall not make any firm promise on that, will be tabled and published as soon as they are available. I would propose to incorporate the rules which are set out in these regulations in the act next year when they are ready. This is an interim provision to enable the system to be carried on this year until we can work out the full details of the system. The principles are well established, but there are so many quirks that we have not been able to get them all spelled out in detail.

Section agreed to.

On section 19—*If personal corporation's chief source of income neither farming nor combination of, etc.*

Mr. Macdonnell (Greenwood): Will the minister give us an explanation of this section?

Mr. Abbott: This is a loophole section again. By reason of the description of a personal corporation it might be possible for one of these hobby or gentleman farmers to incorporate a company, put the farm in the company and put enough securities in the company to pay the full loss on the farm. In that way he could circumvent the provisions of the section we discussed earlier, that such losses should be limited to $5,000 or half the loss, whichever is the greater.

Section agreed to.

Sections 20 to 23 inclusive agreed to.

On section 24—*Mining companies.*

Mr. Macdonnell (Greenwood): I am trying to tie this section in with the budget resolution. Section 74 (1) (b) reads:

> An industrial mineral mine certified by the Minister of Mines and Technical Surveys to have been operating on mineral deposits (other than bedded deposits except sylvite)...

Will the minister explain that amendment and tell us how it ties into the resolution on which it is based?

Mr. Abbott: It is extending the period within which mines may qualify for the new three-year exemption. Sylvite, I am informed, is potash and is a special type of mineral which I am informed is obtained at present in Saskatchewan at considerable depth. That is not to be included under the heading of bedded deposits.

Mr. Macdonnell (Greenwood): The result of this amendment is that you exclude all the so-called bedded deposits except this one.

Mr. Abbott: Except potash; that is correct.

Mr. Herridge: I just want to ask the minister a question under this heading. I do not know whether it is quite in order because these are mining deductions. On item 1, I should like to ask if it is possible under the present law for a lumber company or persons promoting sylviculture to make arrangements to receive exemptions for money expended for future generations?

Mr. Abbott: I am speaking offhand, but I think it would be for roads or that sort of thing. But it would have to be governed by the general rule that the expenditure was wholly or necessarily incurred for the purpose of earning the income. There would also have to be the usual distinctions between what was an expenditure to get revenue and what was a capital expenditure.

Section agreed to.

On section 25—*Application of part to crown corporations.*

Mr. Green: Will the minister explain the meaning of the new section 25 of the Income Tax Act? I presume that is the provision to help certain public utility companies. There seems to be some uncertainty as to what effect that will have in so far as the general public are concerned. For example, in Vancouver there has been a question as to whether the British Columbia Electric Railway Company Limited should reduce its transit fares by reason of receiving this income tax benefit. Judging from the press reports no one is clear as to whether or not that will be the effect. It would be helpful if the minister could give some explanation of the way in which this amendment will benefit the general public.

Mr. Abbott: It is a little difficult to do that except in general terms, as my hon. friend will appreciate. The net effect of this section will be that the effective rate of income tax on the earnings of certain corporations from certain types of activity—that is, the generation, distribution and sale for delivery in Canada of electrical energy, gas and steam—will be taxed at that rate, but only the earnings from that portion of its activities. If a company were carrying on varied activities—running a railway, running a street railway line, running a mine and doing a lot of other things—it is only the earnings from these particular activities which will be subject to the reduced rate of tax. The reduction is for the reasons I gave in my budget speech, which I do not suppose I need repeat here. The effect would be different with respect to different companies. Broadly speaking it parallels the provision which the committee will recall was contained in our general offer to the provinces in connection with the tax rental agreements, namely that we remit to the provinces

one-half of our tax revenues from these sources. That was accepted as being the test. It was the same group of earnings that we considered should be subject to this special rate. The rate can be down to 43 per cent; I am now speaking over-all.

Mr. Green: The money which was turned over to the provinces under the previous scheme would, in effect, be the same as if they had taxed the companies.

Mr. Abbott: No; not quite that. We turn over half of our income. In other words, if we get $2 million, let us say for the sake of an example, from the electric earnings of the British Columbia Electric Company—I just use that as an example; I do not say that we get that amount—we would just turn over $1 million to the province of British Columbia.

Mr. Green: But in this particular case the British Columbia Electric Company will have to pay a smaller amount of taxes. In the earlier case it did not.

Mr. Abbott: Of course. The British Columbia Electric Company—taking that company as an example—would pay a 43 per cent rate on its sales to the public of electricity, gas or steam. It is quite obvious that since we were turning over half of whatever we got from that company, the amount which would be turned over to the province of British Columbia would be somewhat reduced.

Mr. Green: I am not worrying about the amount that would be turned over to the province of British Columbia.

Mr. Abbott: I know that.

Mr. Green: What worries me is whether the people who have to pay for this light and gas will be entitled to any reduction in their rates.

Mr. Abbott: I could not express any opinion on that matter until I saw what the amount of the tax saving, if any, amounted to. I suppose it would be a matter to be taken into account by the public utilities board of British Columbia which fixes the rates of these companies. That was one of the reasons which prompted this rather modest and temporary—I hope and believe—tax concession. It was thought that it might prevent some further applications for rate increases in this type of concern.

Mr. Green: I am glad the minister has made this point clear because from his statement in his budget speech what it was taken to mean, or what I believe the company is arguing, is that this was for the purpose of enabling the company to raise money more readily than it had been doing, and that there was nothing to be passed on to the general public.

Mr. Abbott: That is a matter for the company to fight out, of course, with any rate-regulating body. The essential thing is that any privately-owned public utility must be in a position to raise a portion of the capital it needs for expansion, as equity capital; and it can only do so if it is able to show a reasonably good earnings record. Otherwise it cannot. I think it is generally recognized that it is unsound to have a capital structure—in the case of public utilities or in that of any other company—which is top heavy so far as borrowed capital is concerned. The question as to whether the earnings on equity capital are so great that they justify rate reductions or are so low that they justify rate increases is a matter for the regulating bodies; for the provincial rate-regulating body if it is a utility under provincial jurisdiction, or for the board of transport commissioners if it happens to be a utility that is subject to the jurisdiction of that board.

Mr. Green: But this reduction will in effect result in greater income to these companies?

Mr. Abbott: It should result in greater net income. How much more I am not in a position to say.

Mr. Green: It will result in greater net income; and as far as the minister is concerned, there is in the section nothing which would prevent the companies from giving lower rates.

Mr. Abbott: That is a matter that is entirely within the control of the companies and the rate-regulating bodies. It is not in my control.

Mrs. Fairclough: This clause will have a tendency to bring more nearly into line the activities of privately-owned utility corporations and those of publicly-owned corporations, I presume.

Mr. Abbott: It is bound to have that tendency.

Mrs. Fairclough: It is just one step. It is a small step, but nevertheless it helps.

Mr. Abbott: That is true. The turning back of half the earnings to the province has a similar effect, of course.

Mrs. Fairclough: Although it is no concern of this government, you still have the taxes that are paid by privately-owned corporations to municipalities and to provincial bodies and so on.

Mr. Abbott: That is true.

Income Tax Act

Mr. Macdonnell (Greenwood): This section 25 is stated to be giving effect to paragraph 6 of the resolution.

Mr. Abbott: And paragraph 10.

Mr. Macdonnell (Greenwood): Yes. I am reading paragraph 6 for the moment, which says that crown corporations shall pay tax on income earned. Where are the operative words to be found? As I read section 74A, I wonder whether it is a follow-through from some previous wording in the act which controls. I do not find any operative words there.

Mr. Abbott: Subsection 2 says:

Paragraph (d) of subsection (1) of section 57 of the said act does not apply to a corporation specified in schedule D to The Financial Administration Act.

Section 57 (1) (d) is the section which now exempts them.

Mr. Macdonnell (Greenwood): One other question. Section 74A (3) says that when the company makes a fresh start and is beginning business as a taxable corporation its capital cost is to be the book value at the commencement of that year.

Mr. Abbott: Yes, for the purpose of calculating capital cost allowances in the future.

Mr. Macdonnell (Greenwood): But supposing the book value is different from the real value; what happens then?

Mr. Abbott: That is true of any corporation, is it not?

Mr. Macdonnell (Greenwood): Yes. Perhaps my question is academic, and if so I shall not pursue it. However, the minister says it is to be the book value. Book value sometimes has reserves set up against it, and so on, and may be quite different from true value.

Mr. Abbott: Yes, except all these crown corporations have been under government audit since they were started, and it seemed appropriate to take the value at which they are now carried on the books as the value which should be used for depreciation.

Mr. Macdonnell (Greenwood): It may be the practice is such that no inconvenience will arise; but it occurred to me that, as a statement without any further explanation, it could amount to an unreal situation.

Mr. Abbott: We can take a look at it. I would not think it would cause any serious difficulty; but if it did we could correct it.

Section agreed to.

[Mr. Abbott.]

On section 26—*Disposal of appeal.*

Mr. Croll: I would ask the minister to give me his views concerning section 26. I have particular reference to paragraph (c) in which it refers to "allowing it", and to "restoring the assessment". What is the significance of that?

Mr. Abbott: That is the case where the income tax appeal board would have set aside an assessment, and the exchequer court may restore the assessment.

Mr. Croll: It is an appeal by the government, in other words?

Mr. Abbott: Yes, the minister's appeal.

Section agreed to.

On section 27—*Application.*

Mr. Croll: That is new, is it not?

Mr. Abbott: That part of it is new, yes.

Section agreed to.

Sections 28 to 33 agreed to.

On section 34—*Mining or exploring for minerals.*

Mr. Macdonnell (Greenwood): The explanation states that this clause also implements paragraph 7 of the resolution and provides a revised working to bring this allowance into conformity with that granted to the petroleum industry. What is the meaning of the reference to a revised wording?

Mr. Abbott: I am told it is in the same language as section 53, which is a section we pass annually and does not form a permanent part of the act, with respect to the petroleum industry generally.

Section agreed to.

Bill reported, read the third time and passed.

CANADIAN FARM LOAN ACT

AMENDMENTS TO PROVIDE FOR ADMINISTRATIVE CHANGES, TO GIVE POWER TO BOARD TO BORROW FROM MINISTER, ETC.

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 275, to amend the Canadian Farm Loan Act.

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

On section 1—*Member of board.*

Mr. Macdonnell (Greenwood): Has the minister any comments to make on this section?

Mr. Abbott: I do not think so. The explanatory note is clear.

Mr. Gibson: Has the minister ever given consideration to similar legislation for the fishing industry?

Mr. Abbott: There is similar legislation. The Canadian Fisherman's Loan Act is the corresponding legislation.

Mr. Gibson: Does the volume of business under that act compare in any way with that in connection with farm loans?

Mr. Abbott: There has not been much lent under it.

Mr. Gibson: It has not been pressed to the same degree.

Mr. Abbott: It is a good bit newer.

Mr. Gibson: But the need is there.

Mr. Abbott: Perhaps so.

Section agreed to.

On section 2—*Initial capital.*

Mr. Macdonnell (Greenwood): What amount has been raised by the issue of bonds?

Mr. Abbott: When the board borrows from the government or the public it issues bonds. As shown by the report tabled for the year ended March 31, 1951, bonds outstanding amount to $18,700,000.

Mr. Macdonnell (Greenwood): And those are bonds of the farm loan board, guaranteed?

Mr. Abbott: No, they are just bonds of the farm loan board. It is a straight crown agency. It is just the form in which the promise to pay is given.

Mr. Quelch: Who holds the bonds?

Mr. Abbott: The Minister of Finance.

Mr. Quelch: What is the interest rate?

Mr. Abbott: The interest rate on both series D and E is 3 per cent. I will see if I have a more up-to-date figure.

Mr. Quelch: What are the present rates charged for farm loans?

Mr. Abbott: Five per cent on first mortgage and 5½ per cent on second mortgage loans.

Mr. Bryce: This provision is to double the amount?

Mr. Abbott: It is to give an increase in the amount as I indicated the other evening.

Mr. Bryce: Where there was provision to borrow $5,000 I understand $10,000 can now be borrowed?

Mr. Abbott: Yes; and where it was $6,000 it goes to $12,000.

Mr. Stuart (Charlotte): The minister has mentioned the fact that there is similar legislation for fishermen. Is that administered by the federal government or by the provincial legislature.

Mr. Abbott: By the federal government.

Mr. Macdonnell (Greenwood): I would like to ask the minister what the difference would be if the board should borrow, as compared with a direct government obligation?

Mr. Abbott: Does my hon. friend mean the spread between the rate at which the board borrows from the government and the interest rate paid by the borrower?

Mr. Macdonnell (Greenwood): The explanatory note says that the board now raises money for lending by the issue of bonds.

Mr. Abbott: In the past the board has obtained its funds for loaning purposes by the sale to the Minister of Finance—this is in addition to capital which I need not go into—of its interest-bearing bonds. The amount of outstanding bonds so issued cannot at any time exceed twenty times the paid-up capital stock subscribed for by the government of Canada. The Minister of Finance is authorized to purchase such bonds, but may not hold in excess of $50 million at any one time.

Mr. Macdonnell (Greenwood): My question is answered.

Mr. Abbott: The sole purpose of this section is to have the borrowing done through the Minister of Finance without going to the unnecessary trouble of issuing a formal bond. It is simply one form of evidence of indebtedness. Advances can be made on simple promissory notes, as is done in the case of other crown companies.

Mr. Macdonnell (Greenwood): I misread this. I was surprised to read it as meaning that the farm loan board had obligations in the hands of the public.

Section agreed to.

Sections 3, 4 and 5 agreed to.

On section 6—*Security.*

Mr. Lennard: In the past the advertising by the banks has not mentioned the amount that could be loaned, and in many cases this has caused confusion to farmers who have gone through the process of going to the bank and then finding that they could not receive as much as they required to finance the proposition they had in mind. If the department has any control over the advertising by the banks

perhaps they could have them put in the maximum amount a person could borrow provided he had the value to support the loan. There may not be this trouble now that there has been an increase.

Mr. Abbott: I will see that my hon. friend's suggestion is brought to the attention of the board.

Section agreed to.

On section 7—*Advisory board.*

Mr. Macdonnell (Greenwood): To what extent have these advisory boards been made use of, or has the work been left mainly to the operating officers?

Mr. Abbott: It has not been found practical to set up provincial advisory boards and they have never functioned. In reviewing the operations of the act it seemed sensible to create a national board on which would be a representative of each of the provinces. That board would examine lending conditions generally, lending policies and make recommendations and suggestions to the board.

Mr. Bryce: Would the farmers' organizations be represented, or would it be made up only of financial men?

Mr. Abbott: I would not want to tie myself down to any particular occupation, but I think the provincial representative should be someone conversant with the needs of farm financing in the province and who would give the board useful information and advice as to the procedure to be followed. He could be a farmer or even a lawyer.

Mr. Macdonnell (Greenwood): Has the minister considered whether this advisory board might not turn out to be a great nuisance? What are they really going to do? Obviously they are not going to consider the validity of this or that loan.

Mr. Abbott: No.

Mr. Macdonnell (Greenwood): Are they just going to talk about general conditions? Where are they going to sit, and when?

Mr. Abbott: That will have to be worked out. I would think we would arrange to have meetings of such a board once or twice a year. It is not the sort of board that would need to meet weekly or monthly or even quarterly. I think we will have to proceed on the basis of trial and error. There will be no salaries attached to the board, though there will probably be some travelling expenses.

Mr. Catherwood: The minister has suggested that there would be one representative from each province, but the section provides that the board shall consist of not less than five and not more than ten members.

[Mr. Lennard.]

Mr. Abbott: We shall have to see how it works out. The membership of ten would allow for one representative from each province.

Mr. Macdonnell (Greenwood): The board has done a pretty good job without this advisory board, and I hope the minister will forget to appoint it.

Mr. Abbott: I have no strong views on it myself. It has been suggested by those who are charged with the responsibility of administering the affairs of the board that it might be helpful.

Mr. Macdonnell (Greenwood): May I point out to the minister what I understand was once said in a case at law, that nominal damages may mean very real costs. This absence of salaries is no guarantee that there may not be a lot of expenses.

Section agreed to.

Sections 8 to 11 inclusive agreed to.

Bill reported.

Mr. Abbott moved the third reading of the bill.

Mr. Macdonnell (Greenwood): I just wish to reiterate my objection to the advisory board.

Motion agreed to and bill read the third time and passed.

TARIFF BOARD ACT

SALARIES OF VICE-CHAIRMAN AND OTHER MEMBER OF BOARD

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 276, to amend the Tariff Board Act.

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

On section 1.

Mr. Macdonnell (Greenwood): Will the minister say something about this?

Mr. Abbott: As was indicated during the resolution stage, this section is now covered by the Combines Investigation Act. There has been no necessity to invoke this provision in the Tariff Board Act, and in opening up the act we decided that it should be repealed.

Section agreed to.

Section 2 agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read a third time?

Mrs. Fairclough: I should like to remark that this bill has just come into our hands.

While on its face it is a fairly innocuous looking document, nevertheless members of the house have had very little time to study it.

Mr. Abbott: It was distributed yesterday, anyway.

Mrs. Fairclough: Yesterday; and how many bills have we studied since yesterday? We have had very little opportunity to put any amount of study on it, and before the bill is given third reading—

Mr. Abbott: I have not the slightest objection. The motion requires unanimous consent, and I have no objection. Next sitting of the house.

Mr. Deputy Speaker: Perhaps the hon. member for Hamilton West did not hear what the minister said. I asked whether the bill might be read a third time now by leave. If the hon. member for Hamilton West objects I will say that the bill will be read a third time at the next sitting of the house. Apparently that is her wish.

Mrs. Fairclough: Very well; I object.

Mr. Abbott: Next sitting.

CANADA ELECTIONS ACT

AMENDMENT WITH RESPECT TO SALARY OF CHIEF ELECTORAL OFFICER

Hon. F. G. Bradley (Secretary of State) moved the second reading of Bill No. 277, to amend the Canada Elections Act.

Mr. Macdonnell (Greenwood): Mr. Speaker, I observe that the bill is in a form that follows the resolution of last evening. I thought the Secretary of State told us last night that it was to be amended. Am I right in thinking there is an amendment to be moved?

Mr. Bradley: No, the hon. member is not quite accurate. What I did last evening was to undertake to amend the section during the committee stage.

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

On section 1—*Rank, powers, salary and tenure of office of chief electoral officer.*

Mr. Bradley: Last night while in committee on the resolution I undertook to have an amendment made to section 1 of the bill under which the salary of the chief electoral officer would be set specifically at $12,000. I will now ask my colleague the Minister of Public Works to be good enough to move the necessary amendment.

Mr. Fournier (Hull): I move:

That the following words be struck out: "not less than eight nor more than" in the thirteenth line and "to be fixed by order of the governor in council" in the fourteenth and fifteenth lines.

Mr. Macdonnell (Greenwood): I think that amendment carries out exactly what I understood the Secretary of State to undertake, and I feel grateful to him. We objected strongly last night to this important official being left with his salary to be fixed by the governor in council. We discovered that it had been done in the past, but that did not make it any more palatable to us. Therefore I am grateful to the Secretary of State for this change, which I think carries out exactly what we asked.

Amendment agreed to.

Section as amended agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: By leave, shall this bill be read the third time now?

An hon. Member: By leave.

Mr. Bradley moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

NATIONAL LIBRARY

PROVISION FOR ESTABLISHMENT—APPOINTMENT OF NATIONAL LIBRARIAN

Right Hon. L. S. St. Laurent (Prime Minister) moved the second reading of Bill No. 245, respecting the establishment of a national library.

Mr. Drew: Is the Prime Minister going to make a statement in addition to what has already been placed before the house?

Mr. St. Laurent: I do not intend to make a statement at this time. I shall be glad to answer any questions in the committee stage that I am in a position to answer. I think the reception this proposal received from the house at the resolution stage shows that there is nothing controversial about it and that all members of the house are happy that at least this initial step is being taken at this time, and are hopeful that further steps may not be too long delayed.

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

Section 1 agreed to.

On section 2—*Interpretation.*

Mr. Drew: Is the Prime Minister in a position to state what minister is contemplated as the minister who will deal with this act?

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Mr. St. Laurent: At the present time the act will be under the administration of the Secretary of State. At some later stage another minister may be put in charge of this and other like activities of the Canadian government, but for the initial stages it is intended to have this measure, like the archives, under the administration of the Secretary of State.

Section agreed to.

Section 3 agreed to.

On section 4—*National librarian.*

Mr. Macdonnell (Greenwood): My question really deals with sections 4 and 5. I should like to ask whether it is proposed to appoint a national librarian immediately and also an assistant national librarian.

Mr. St. Laurent: It is intended to appoint immediately as national librarian Dr. Lamb, who is now in charge of the archives, and to have him organize the preliminary steps. An assistant librarian would not necessarily be appointed immediately. That would be done as and when Dr. Lamb recommends that sufficient advance has been made to require the services of an assistant librarian.

Mrs. Fairclough: Will Dr. Lamb be able to retain his present position as archivist?

Mr. St. Laurent: Yes. I explained at the resolution stage that, although the Massey commission recommended that ultimately there be separate heads for the archives and the national library, they also recommended that initially the archivist should have charge of the organizational stages of the national library.

Section agreed to.

Sections 5 to 7 inclusive agreed to.

On section 8—*Establishment of advisory council.*

Mr. Drew: In section 8 there is a reference first of all to the establishment of an advisory council. Then in subsection 2 there is a reference to the constitution of the advisory council. It speaks of the national librarian being the chairman, and then it speaks of the general librarian and the parliamentary librarian. I see that their positions are not defined elsewhere in the bill. Should there not be some definition of their positions?

Mr. St. Laurent: I do not know that there is a statutory definition, but it is under that designation that the librarian of parliament and the general librarian have occupied their offices for many, many years. Because of the close connection there will necessarily be between the library of parliament and the national library it was felt that these two officials should be part of the advisory council.

Mr. Drew: I agree with the proposition that they should be members of the council. The only question that arises in my mind is as to whether any uncertainty could occur at any time with respect to what these positions actually were. I recognize that it relates to positions that we understand at the present time. I wondered whether there should be a reference to the positions so they would be established in statutory form in relation to this legislation.

Mr. St. Laurent: The law officers had not considered that was necessary. Their salary is provided for in the appropriations that are voted every year under the titles that are used here, and they are the only officials for whom salaries are voted annually by parliament under that designation. I assume that is why the law officers did not feel that it was necessary to provide a statutory definition in this bill. I think if the hon. gentleman will refer to the appropriation acts he will see that each year salaries are provided for officials described in these terms, and they are the only ones who are thus described.

Mr. Drew: I do not wish to press the point because I do not think any problem is going to arise in connection with it at this time, but I would point out that the fact that some names were shown in the appropriation acts does not of necessity give the same effect as a statutory definition. I leave the matter now, having called attention to it. I think if any question should arise at a later date we can then return to the subject at a time when the national library will have taken form.

Mr. Macdonnell (Greenwood): I have a question to ask. I know the parliamentary librarian very well, in fact perhaps better than he likes me to know him, I fear, because I give him a lot of trouble, but I should like to know who the general librarian is.

Mr. St. Laurent: Dr. Desrochers is the general librarian. The two have equal status, one being the official whose mother tongue is English and the other whose mother tongue is French.

Mr. Macdonnell (Greenwood): Then I do know him, but I did not place him under that heading.

Section agreed to.

Section 9 agreed to.

On section 10—*Powers and duties of librarian.*

Mr. Drew: I recognize that it is not possible in advance to place too exact an interpretation upon provisions that are adopted at this time, but I do recall the point that was made by one of the hon. members when this was in the resolution stage. I would hope this would be the appropriate time to point out that it would be highly desirable that there should be no attempt to exclude from the library books dealing with subjects that might not ordinarily be regarded as subjects that we would wish to have dealt with too generally throughout the country. I am referring, for instance, to the possibility of the books published with relation to systems of government with which we very strongly disagree, or matters of that kind, being excluded. Not only should they not be excluded, but we should do our best to obtain them because we should make available here as complete documentary records of other systems of government and other matters of that kind as we possibly can. I merely make this observation now because I realize that this is going to provide the preliminary setting for the establishment of a national library.

May I for the last time in relation to this point indicate that there may be some possibility at a later stage of defining the positions with greater accuracy, because I am sure the hon. member for Greenwood uses the library as much as any member in the house; and when I find he does not know which officials are described under the terms employed here, then it does suggest to me the desirability of defining these official positions.

Mr. Macdonnell (Greenwood): You are rubbing it in.

Mr. Drew: I am not rubbing it in, because I know the hon. member does use the library very extensively. I am using him as the strongest argument I can use to suggest the desirability of defining these positions fairly clearly. I simply want to say what I said before, since we are dealing with the last section of this bill. The officials who are described in this legislation as the parliamentary librarian and the general librarian have been performing a very great and very efficient service on behalf of hon. members, and for that reason on behalf of the people of Canada. I most certainly feel that they should be brought most actively into association with all the preliminary stages in setting up the structure, the indexing and the general plans of the national library.

Mr. St. Laurent: The remarks made by the leader of the opposition will be a part of the record, and I am sure that both the law officers and Dr. Lamb will take those remarks into account. Doubtless at some early date further legislation will be required as the work of organizing the national library proceeds. At that time I am sure the law officers will take into account the remarks made by the leader of the opposition with respect to having the librarians of parliament associated in some permanent way with the work of the national library.

I am sure also that Dr. Lamb will recognize the views expressed in this house as to the desirability of having available, for perhaps only limited use but having available there, books that it might not be desirable to circulate widely to the public, but which should be available for those who are specially interested in problems on which those books will have a bearing. I am sure it will be the desire of those responsible for the content of the library to have it a reliable reference library where students will find the books that it may be difficult for them to secure elsewhere.

Mr. Stewart (Winnipeg North): I should like to deal for a moment with paragraph (e) of section 10. I think the wording is unfortunate, but there may be some explanation for it. We are told that the national librarian may:

> Generally supervise and direct the work of the national library in such a manner that the facilities of the library may be made available to the government and people of Canada—

Perhaps they might also be made available to the opposition. Perhaps it would be advisable to put in the word "parliament" instead of "government".

Mr. St. Laurent: I think here the word "government" is not used to describe the executive; it is used to describe the whole machinery of government which comprises His Excellency the Governor General and the two houses of parliament. That is the official status of the houses of parliament, the members supporting the executive and the members opposing the executive. I am sure it was certainly not intended to make it available exclusively to those who happen to constitute, for the time being, the advisers to the representative of the sovereign. The wording is used to describe in a rather wider sense the whole social organization for the government of the country.

Mr. Stewart (Winnipeg North): I accept the Prime Minister's explanation, but I must say that I have said some very nasty things about His Excellency if we accept this connotation.

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Mr. Green: Is there any reason for including the words, "to the government and the people of Canada"?

Mr. St. Laurent: I do not think there is, but it was to follow out the idea that there would have to be transferred almost at once from various government departments books which are now in those separate departments. They are all being catalogued so they may become available to the general public through this catalogue. I think that was the reason the expression was used here.

It is not intended to duplicate, for instance, the collection of scientific books that are in the national research council; but they will form a part of the union catalogue, and when inquiry is made the national librarian will be able to secure them from wherever they are and make them available to those who have reason to consult them. It was not intended to imply that the members of the government, any more than the members of the opposition, were not a part of the people of Canada.

Mr. Green: Perhaps it is intended to imply they need the books more.

Section agreed to.

On section 11—*Deposit of books with librarian.*

Mr. Macdonnell (Greenwood): Is this section patterned on the practice elsewhere? As I read it, it winds up with a penalty of a fine on summary conviction, which seems a little severe. I understand the requirement of getting books into the library, but I just wanted to ask whether the section in its present form is usual or whether there is a precedent for it. I presume it is common sense to get a copy of every book sent in, and perhaps if it is you need to wind up the section with a penalty.

Mr. St. Laurent: I am informed that this provision is usually in all the statutes creating national libraries. The requirements here are not nearly as onerous as those which exist under the corresponding statute in the United Kingdom, where there is a requirement that books be supplied to the national library, to the university of Oxford, to the university of Cambridge, and I think there is one other university which has the right by statute to have books supplied.

This section is a repetition, perhaps in more precise form, of what is already in the Copyright Act. Section 11 of chapter 8 of the statutes of 1931 provides:

> The publisher of every book published in Canada, within three months after the publication thereof, shall deliver or cause to be delivered, at his own expense, to the librarian of parliament, who shall give a written receipt therefor, two copies of the first edition and two copies of each subsequent edition if such subsequent edition contains additions or alterations either in the letter press or in the maps, prints or other engravings thereto belonging.

When there is no sanction expressly provided, there is a general provision in the Criminal Code that is much more severe than the one provided here. Anyone who wilfully violates a statutory requirement for which violation no special penalty is provided is liable to prosecution—I do not know the number of the section, but under a section with which the hon. member is as familiar as I am—under a section which provides much more severe penalties than those provided here. I believe the reason for including this section was to have the act self-contained, and not have to rely on this provision of the Criminal Code in case there was a violation.

Mr. Macdonnell (Greenwood): My fear was really that the person who would actually have to provide the money would not be the wealthy publisher but the poor author. I suppose the answer is that these expensive books that are referred to here will probably be the exceptional case, and the two copies provided will not be impossible even for a poor author writing his first book.

Mr. Catherwood: This section apparently covers books published in Canada, but what policy is adopted to acquire books from the United Kingdom and the United States from outstanding authors and publishers?

Mr. St. Laurent: If the book is published in Canada—it does not necessarily have to be printed in Canada—or if it is distributed in Canada by a Canadian publisher, he would be required to supply these copies unless exemption was provided. During the resolution stage I explained that it was intended to require the deposit of books by Canadian authors, whether printed in Canada or elsewhere, and also of books which dealt mainly with matters of Canadian concern, so the Canadian national library might become the most complete collection of books published by Canadians or books dealing with matters of special concern to Canada.

Mr. Drew: I do not want to appear to be splitting hairs about the wording of this act, but I am somewhat concerned about the provision requiring two copies of every book that is published. In looking at the definition of the word "book", it seems to me this would cover every conceivable kind of thing that is printed in this country which could be regarded as reading material. In the definitive section of the act the word "book" is described as including library matter of every kind, nature and description. I should

think that even the smallest periodical publication, whether it be a daily, weekly or monthly, would be library matter of some kind. Certainly libraries do include that material, but I do not know whether this section would be wide enough to oblige every publisher of some of these scandal sheets, tipster sheets or publications of that kind, which are all too numerous, or even much more serious publications of a very simple nature to be filed in this way.

I should think this would present a very serious problem for the librarians and their staff if it should be that wide. I think we should carefully consider whether or not that is the effect of the combined wording of section 11 and the definition in section 2. It gets back to the inquiry that was previously directed to the Prime Minister (Mr. St. Laurent) as to whether this follows the general pattern of similar statutes in other jurisdictions.

Mr. St. Laurent: I was informed by Dr. Lamb that it was a less stringent requirement than those in the United Kingdom or in France. There is a provision that the minister may make regulations respecting the quality of the copies required to be delivered to the national library of any book the copies of which are not of uniform quality; prescribing generally the classes or kinds of books in respect of which one copy is required to be delivered to the national librarian; and prescribing the classes or kinds of books in respect of which no copies are required to be delivered. That is within our regulations that will be made under statutory authority, which will require to be published under the Regulations Act.

It may be that experience will show that there should be something more specific in the statutory provision. I compared it with the requirement in chapter 32 of the revised statutes with respect to the Copyright Act and this definition did not appear to me to include as much as was included in the definition in the Copyright Act. I relied upon the advice of Dr. Lamb as to the propriety of defining a book in this manner. It was his feeling that this would not include as much as was included in the definition of "book" in the Copyright Act.

It was pointed out to me that we certainly did not want to provide housing space for copies of everything that was published or issued in Canada in writing or picture form. It was for that reason that the provision of paragraph (c) of subsection 4 of section 11 was inserted, namely to prescribe generally the classes or kinds of books of which no copies are required to be delivered to the national librarian.

Mr. Macdonnell (Greenwood): I should like to add a word, Mr. Chairman. I was impressed by the point made by the leader of the opposition. I am just wondering whether there might be something invidious in describing the classes of books of which no copies are required and whether it might not have been better to do it the other way and describe the classes of books of which copies are required. I raise that point for consideration. It seems to me that if a list is produced some time, describing the kinds of books of which no copies are required, that might be open to a certain invidious interpretation.

Mr. Drew: I do not intend to labour the point following what has just been said, but I would point out this situation. We are dealing with an act which lays the foundation for the delivery to the national library of publications in Canada which are described as books. I would be inclined to think that with the passing of this act anyone who was publishing even the smallest kind of periodical of any kind and was aware of this requirement—and who, quite apart from the possible fine of $25, did not want the nuisance involved in a thing of that kind—would make inquiries as to whether, in the absence of any specific regulation against his type of publication, he might not be called upon to deliver it.

I must confess that if the Prime Minister were consulted as a lawyer he would likely say: Unless there is some exemption, you are required to deliver it, having regard to the definition of "book" in section 2. If that is the answer the Prime Minister or any other lawyer would give, we are immediately confronted with the fact that until such time as the exemptions have been adopted, defining books that are not to be delivered, the moment this act goes into effect everyone who publishes anything that could come within the wide definition in section 2 would immediately be called upon to deliver it to the librarian unless he wanted to take the chance of getting into some difficulty at some later date.

I am not going to labour that point unduly. I recognize the fact that we are still in the preliminary stages; but it seems to me that this is a good time to avoid any unnecessary piling up of useless material in the hands of the librarian here in Ottawa.

Mr. St. Laurent: I would have to tell him that his obligation was no greater than it had been at any time since the adoption of the Copyright Act of 1931, because that was

an amendment of the Copyright Act of 1921 in which the word "book" was defined, as follows:

"book" shall include every volume, part or division of a volume, pamphlet, sheet of letterpress, sheet of music, map, chart, or plan separately published.

I would have to point out to him that in 1931 parliament decreed that the publisher of every book published in Canada, within three months after the publication thereof, shall deliver at his own expense to the librarian of parliament, who shall give a written receipt therefor, two copies of the first edition and two copies of each subsequent edition, if such subsequent edition contains additions or alterations either in the letterpress or in the maps, prints or other engravings thereto belonging.

I would have to say to him: You are not required to deliver to the national librarian anything that you are not required to deliver under the Copyright Act. But under the Copyright Act you see what the definition is.

Mr. Drew: I am afraid it has been largely honoured in the breach.

Mr. St. Laurent: I am sure it has been largely honoured in the breach; and I am sure there will be no prosecutions required by Dr. Lamb for failure to produce anything that it would not be in the interests of the Canadian public generally to have become a part of the national library collection.

Section agreed to.

On section 12—*Purchase account for acquisition of books.*

Mr. Stewart (Winnipeg North): There is provision that all bequests and donations shall be credited to this national library special operating account into which they shall be accepted. What would be the position of a person who wishes to donate, or to give as a bequest, a capital sum, the interest on which only could be used for the national library purposes? Would there be any provision made for this person to have his capital left there and for the revenue only to be used?

Mr. St. Laurent: I am sure there would be. It would still be used for the purposes of the library. But if the bequest was accepted, it would have to be accepted with the conditions which it bore under the will. It would have to be used for the purposes of the library but in a manner governed by the conditions stipulated by the testator or by the donator. It could not be accepted otherwise.

Section agreed to.

Section 13 agreed to.

[Mr. St. Laurent.]

On section 14—*Coming into force.*

Mr. Knowles: Just before this last clause carries, may I ask the Prime Minister to indicate what clause of the bill deals with a matter about which I questioned him when we were at the resolution stage? In particular I asked whether the legislation provides authority to go ahead with the selection of the site, the appointment of an architect and the construction of the building itself. The Prime Minister replied as follows, as reported at page 2386 of *Hansard*:

The legislation now proposed would give authority to go ahead when parliament will have appropriated funds. The only further requirement would be a vote by parliament of the funds required to carry out projects for which there would be authority to make proposals to parliament in the present legislation.

Will the Prime Minister indicate where in the bill that type of authority is provided?

Mr. St. Laurent: Section 3 states that "a national library is hereby established". That is a decision by parliament, that a national library is established. Now it will be the responsibility of the government to recommend to parliament whatever may be required to carry out the decision that a national library be established; and the only way public works are authorized is through the estimates, and voting the money required to provide them.

No statute is passed saying there will be a post office in a certain locality. That is provided by an item in the estimates which makes the money available for that purpose. I do not think, for example, that the hon. member will find any statute making provision for the erection of the supreme court building. That was done by way of an item in the estimates making the amount of money available for that kind of building in the national capital.

Mr. Knowles: In the case of the national gallery, for example, I take it that no statutory authority was required to go ahead and invite the submission of various plans. All I wish to be sure of is that we can get along with this project without further legislation having to be brought in apart from a vote for the necessary money.

Mr. St. Laurent: The hon. member is right. The competition for plans for the national gallery was by way of a vote in the estimates of last year for that purpose. Because of that vote the national gallery of Canada competition was organized and is now under way for the choice of an architect to prepare the plans. That is the traditional way in which public works are provided for. If the object is one parliament has sanctioned, then parliament is asked to vote money for such and

such specific purpose. The vote is the only other authority required to proceed.

Mr. Fleming: I presume it is clear that the erection of the building will have to await the voting of money by parliament. But I take it that it is clear that the proclamation of the act, once it is passed, would not have to await plans for the construction of the building. The act could be proclaimed at any time. When does the Prime Minister expect it would be proclaimed?

Mr. St. Laurent: It is intended the act will be proclaimed within weeks or months—almost at once, or just as soon as the preliminary preparations can be made. It is intended that it shall be proclaimed, and that Dr. Lamb shall be appointed national librarian. I would hope he would have a report for parliament at its next session, advising as to what further steps in his opinion can be taken at that time.

Section agreed to.

Bill reported, read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up first the third reading of Bill 276, to amend the Tariff Board Act, if you have no objection. Then we will proceed with Bill No. 194, to amend the Aeronautics Act. This bill has come back from the committee. Then we will have Bill No. 246, to amend the Canada Grain Act, and I understand this bill will be referred to a committee after second reading. We will then go into supply, and take up the estimates of the privy council and justice.

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

APPENDIX

North Atlantic Treaty Protocol

PROTOCOL TO THE NORTH ATLANTIC TREATY ON GUARANTEES GIVEN BY THE PARTIES TO THE NORTH ATLANTIC TREATY TO THE STATES MEMBERS OF THE EUROPEAN DEFENCE COMMUNITY

The parties to the North Atlantic treaty, signed at Washington on 4th April 1949,

Being satisfied that the creation of the European defence community set up under the treaty signed at Paris on will strengthen the North Atlantic community and the integrated defence of the North Atlantic area, and promote the closer association of the countries of western Europe, and

Considering that the parties to the treaty setting up the European defence community have signed a protocol, which will enter into force at the same time as the present protocol, giving to the parties to the North Atlantic treaty guarantees equivalent to the guarantees contained in article 5 of the North Atlantic treaty,

Agree as follows:

Article I

An armed attack

(i) on the territory of any of the members of the European defence community in Europe or in the area described in article 6 (i) of the North Atlantic treaty, or

(ii) on the forces, vessels or aircraft of the European defence community when in the area described in article 6 (ii) of the said treaty,

shall be considered an attack against all the parties to the North Atlantic treaty, within the meaning of article 5 of the said treaty, and article 5 shall apply accordingly.

The expression 'member of the European defence community' in paragraph (i) of this article means any of the following states which is a member of the community, namely, Belgium, France, the German Federal Republic, Italy, Luxembourg, and The Netherlands.

Article II

The present protocol shall enter into force as soon as each of the parties has notified the government of the United States of America of its acceptance and the council of the European defence community has notified the North Atlantic council of the entry into force of the treaty setting up the European defence community. The government of the United States of America shall inform all the parties to the North Atlantic treaty of the date of the receipt of each such notification and of the date of the entry into force of the present protocol.

Article III

The present protocol shall remain in force for so long as the North Atlantic treaty and the treaty setting up the European defence community remain in force and the parties to the latter treaty continue to give, in respect of themselves and the European defence forces, guarantees to the parties to the North Atlantic treaty equivalent to the guarantees contained in the present protocol.

Article IV

The present protocol, of which the English and French texts are equally authentic, shall be deposited in the archives of the government of the United States of America. Duly certified copies thereof shall be transmitted by that government to the governments of all the parties to the North Atlantic treaty and of all the parties to the treaty setting up the European defence community.

In witness whereof, the undersigned plenipotentiaries have signed the present protocol.

Done at the day of 1952.

HOUSE OF COMMONS

Wednesday, May 28, 1952

The house met at three o'clock.

EXTERNAL AFFAIRS

COLOMBO PLAN—PROGRESS REPORT OF CONSULTATIVE COMMITTEE

Hon. L. B. Pearson (Secretary of State for External Affairs): I should like to table two copies of the progress report on the Colombo plan which was prepared by the consultative committee at its fourth meeting held at Karachi in March of this year.

QUESTIONS

FILM PRODUCTION—NATIONAL FILM BOARD AND DEFENCE DEPARTMENT—ROYAL TOUR

Mr. Thatcher:

1. Has the Department of National Defence a separate unit for making moving pictures apart from the national film board?

2. If so (a) what are the reasons for this apparent duplication; (b) what was the total cost of the unit in the past fiscal year; (c) what is the estimated cost of the unit for the coming year?

3. How many employees are presently working for this branch of the department?

4. Did the unit make a film of the royal tour in addition to the film made by the national film board on the same subject?

5. If so, at what cost?

Mr. Campney:

1. No. However, service photographers, when authorized, take motion pictures for national defence use as part of their regular photographic duties.

2. (a) Footage taken by these photographers are for record of training purposes to record on-the-spot activities where arrangements could not be made for coverage by non-service personnel, or where such arrangements would not be feasible. (b) See answer to No. 1. (c) See answer to No. 1.

3. See answer to No. 1.

4. With the agreement and co-operation of the national film board, a film showing the participation of the three services in the royal tour was made from footage taken by two service photographers. This film which is 16 mm. has been shown to a large number of service establishments including the R.C.N. destroyers in Korean waters, the 25th brigade in Korea and the 27th brigade in Germany which for the most part do not have 35 mm. equipment.

5. The cost of this film including travelling expenses, cost of film and production work done outside the Department of National Defence arranged through the national film board, but excluding pay and allowances of the service personnel involved, totalled $5,566.30.

SALT CODFISH—SALES TO NEWFOUNDLAND MERCHANTS

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

1. What amounts of salt codfish of the following kinds were sold to merchants in Newfoundland, during the fishing season from August 1, 1951, to April 30, 1952: (a) large madeira; (b) medium madeira; (c) small madeira; (d) large west india; (e) medium west india; (f) small west india; (g) thirds?

2. What prices were paid for each variety on the average and what deduction was made for damp and dun fish?

Mr. MacNaught:

1. The department does not have a full record of all salted codfish sold to merchants in Newfoundland from August 1, 1951, to April 30, 1952, but a study conducted by the fisheries prices support board covering 244,602 quintals shows the following amounts in the grades specified:

(a) and (b) combined	19,098
(c)	116,289
(d) and (e) combined	935
(f)	15,144
(g)	59,358

2.

	$ per quintal
(a) and (b) combined	11.13
(c)	10.67
(d) and (e)	5.31
(f)	4.82
(g)	9.14

QUESTIONS PASSED AS ORDERS FOR RETURNS

ARMED FORCES—CONTRACTS FOR RUBBER AND CANVAS FOOTWEAR

Mr. Lennard:

1. How many contracts for the defence forces were let for rubber and canvas footwear, from January 1, 1950 to May 1, 1952?

2. To whom were they let?

3. What were the amounts of the contracts?

4. How many pairs in each contract?

Questions

ARMED FORCES—CONTRACTS FOR RUBBER FOOTWEAR

Mr. Lennard:

1. How many contracts for the defence forces were let for rubber, synthetic rubber or synthetic footwear, from January 1, 1950 to May 1, 1952?
2. To whom were they let?
3. What were the amounts of the contracts?
4. How many pairs in each contract?

ARMED FORCES—CONTRACTS FOR HAVERSACKS

Mr. Lennard:

1. How many contracts for the defence forces were let for haversacks, from January 1, 1950, to May 1, 1952?
2. To whom were they let?
3. What were the amounts of the contracts?
4. How many haversacks in each contract?

ARMED FORCES—CONTRACTS FOR BATTLEDRESS GARMENTS

Mr. Lennard:

1. How many contracts were let for the defence forces, during the period January 1, 1950, to May 1, 1952, for (a) battledress blouses; (b) battledress trousers?
2. To whom were these contracts let?
3. What is the value of each contract?
4. What is the number of garments in each contract?

ARMED FORCES—CONTRACTS FOR CARVING KNIVES

Mr. Lennard:

1. How many contracts were let for the defence forces, during the period January 1, 1950, to May 1, 1952, for carving knives?
2. To whom were they let?
3. What is the value of each contract?
4. How many carving knives in each contract?

CANNED PORK

Mr. Argue:

1. How many pounds of canned pork have been produced in Canada from January 1, 1952, to May 1, 1952?
2. How many pounds of canned pork have been purchased by the government during the same period, and at what price?
3. What quantity of canned pork has the government sold during the same period, what was the price received, and who were the principal purchasers?
4. What quantity of canned pork does the government presently hold for sale?

ARMED FORCES—CONTRACTS FOR BELTS

Mr. Lennard:

1. How many contracts have been let between January 1, 1950, and May 1, 1952, for the defence forces, for belts: (a) canvas or canvas and leather; (b) leather?
2. To whom were they let?
3. What is the value of each contract, and how many belts in each contract?

MOTION FOR PAPERS

CIVILIAN SECURITY FORMS

Mr. Fulton:

For a copy of civilian security forms CCC 315 and CCC 99A in current use.

[Mr. Lennard.]

He said: Mr. Speaker, I have spoken to the parliamentary assistant to the minister about this motion, and I would appreciate it if, by leave of the house, it might be dropped.

Mr. Speaker: Dropped.

C. G. S. "STONETOWN"

INJURY TO MEMBER OF CREW

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): I should like to direct a question to the parliamentary assistant to the Minister of Transport to whom I have sent notice. Has he any information regarding the injury to a member of the crew of the weather ship *Stonetown* which necessitated the dispatch of the cruiser *Ontario*? I am particularly interested in this question because I called attention to the living conditions of the crews of these ships only last week.

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Transport): The hon. member was good enough to give notice of his intention to ask this question. Consequently we sent a telegram to Vancouver and learned that H.M.C.S. *Ontario* did make rendezvous early this morning with the C.G.S. *Stonetown* and took aboard the injured waiter. I understand that the injury resulted from the young waiter falling on a hydrant and injuring himself near where he had recently had an abdominal operation. Medical attention is being given on the *Ontario*, and I understand his condition is satisfactory.

FISHERIES

BOUNTIES ON DEPREDATORY SEALS—APPLICATION TO NEWFOUNDLAND WATERS

On the orders of the day:

Mr. W. J. Browne (St. John's West): I should like to direct a question to the Minister of Fisheries or his parliamentary assistant. I have already spoken to the parliamentary assistant about it. There was an article in Sunday's issue of the New York *Times* in which reference was made to the bounties paid through the Canadian Department of Fisheries for protection of fish against depredations by sea lions on the Pacific coast and by seals on the Atlantic coast. Does that policy apply to the waters around Newfoundland?

Hon. R. W. Mayhew (Minister of Fisheries): The hon. member did not follow the usual custom of sending notice of his question.

Mr. Browne (St. John's West): On a point of order, I spoke to the parliamentary assistant about the matter twice.

Mr. Abbott: Put it on the order paper.

Mr. Mayhew: If the hon. member will refer to item 155 of the estimates he will find that there is an amount of $45,000 provided for the destruction of harbour and grey seals. This is an increase of $15,000 over last year. The $15,000 is provided for the destruction of harbour seals in Newfoundland waters.

KOREA

MARTIAL LAW IN SOUTH KOREA—REPORTED DECLARATION BY SYNGMAN RHEE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs of which I have given him notice. It arises out of a dispatch in today's press. Will the minister make a statement on the present situation in South Korea with particular reference to Syngman Rhee's declaration of martial law? What efforts are being made by the United Nations commission for the unification and rehabilitation of Korea—

Some hon. Members: Order paper.

Mr. Knowles: —to impress upon the authorities in South Korea the urgent need for the establishment—

An hon. Member: Write a book.

Mr. Knowles: —and the pursuit of democratic processes in that country?

Mr. Speaker: I was not able to hear the question.

An hon. Member: You are lucky.

Hon. L. B. Pearson (Secretary of State for External Affairs): With respect to the first part of the question, we have received no official information on the reported declaration of martial law in South Korea, on its nature and its scope, and therefore I do not think it would be proper for me to make a statement on this subject at the present time. As to the second part of the question, there is a United Nations commission in Korea—the one referred to in the question—which from time to time offers assistance and advice to the government of the Republic of Korea on the observance of practices in keeping with the democratic form of government of that republic. That commission makes reports to the United Nations general assembly, and if the hon. member would like to see the last report I shall be glad to send it to him.

REFERENCE TO STATEMENT BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS

On the orders of the day:

Mr. Gordon Graydon (Peel): May I ask the Secretary of State for External Affairs whether or not he has found out what has caused the delay in the mails between Ottawa and Washington with respect to some of his recent correspondence with the United States government?

Hon. L. B. Pearson (Secretary of State for External Affairs): As far as I know there has been no delay whatever in this matter. I assume the hon. member is referring to the statement which I made on Monday. That statement was in the hands of the United States state department in Washington, and indeed in the hands of the United States embassy in Ottawa, before it was given to the house.

Mr. Graydon: They must have lost it, then.

LABOUR CONDITIONS

APPRENTICESHIP IN TRADE AND INDUSTRY—PURPOSES AND RESULTS OF OTTAWA CONFERENCE

On the orders of the day:

Mr. Charles Henry (Rosedale): I see the parliamentary assistant to the Minister of Labour in his seat. I would ask him to tell the house what were the purposes and results of the recent apprenticeship conference sponsored by the federal government at Ottawa.

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): I wish to thank the hon. member for giving notice of his question. The national conference on apprenticeship in trade and industry had a threefold purpose:

1. To review the facts respecting the alleged shortage of apprentices and trainees in skilled trades in all parts of Canada.

2. To review existing apprenticeship plans and training programs in all provinces with a view to increasing their effectiveness where needed, and extending such programs to a degree which would meet the needs of all skilled trades.

3. To obtain suggestions and recommendations from representatives of employers, organized labour, teachers of trades, and provincial government officials occupied in administration of training, regarding the best methods of increasing the number of apprentices and trainees in skilled trades and of developing co-operative and co-ordinated activities for the promotion and development of apprenticeship training in Canada.

Speaking in a general way, the results of the conference were as follows: The immediate results of the conference have been to bring to the attention of all interested that Canadian industry is not in a favourable position in so far as the number of young men engaging as apprentices and trainees is concerned, and

to bring forward suggested plans for improvement. Those who participated expressed satisfaction with the manner in which the conference was conducted, and also expressed the opinion that the conference would be beneficial in all parts of Canada. About seventy-five delegates were in full-time attendance representing employers in the manufacturing and construction trades, organized labour, and provincial and federal officials responsible for the administration of apprenticeship and training legislation. All provincial governments were represented. So far as the specific recommendations of the conference are concerned, wide publicity has been given to them in the newspapers, and we would be willing to give a copy of the minutes of the conference to any hon. member who would be interested in reviewing them.

GRAIN

ASSISTANCE ON FREIGHT RATES FROM WESTERN TO EASTERN CANADA

On the orders of the day:

Mr. L. E. Cardiff (Huron North): I have not given notice of this question to the Minister of Agriculture. Has any consideration been given to any change in the policy of the government with respect to freight assistance on western grain shipped to eastern farmers?

Right Hon. J. G. Gardiner (Minister of Agriculture): No further consideration has been given since the question was asked last.

NATIONAL DEFENCE

TRANSFER OF ACCOMMODATION FOR KOREAN WAR VETERANS

On the orders of the day:

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, the other day the hon. member for Calgary West asked a question about orders issued to army units in the western command. I think the part of the order which gave rise to his question reads as follows:

> It will rest with commanding officers to ensure that married officers and other ranks occupying married quarters or accommodation elsewhere in the vicinity are available under the same circumstances as those officers and other ranks living in barracks.

That is the end of the relevant part of the order. As I pointed out the other day, it was later made clear that that did not prevent officers and men who were living outside of the barracks from continuing to live there provided they were on duty by the first parade.

[Mr. Cote (Verdun-La Salle).]

TARIFF BOARD ACT

SALARIES OF VICE-CHAIRMAN AND OTHER MEMBER OF BOARD

Hon. Douglas Abbott (Minister of Finance) moved the third reading of Bill No. 276, to amend the Tariff Board Act.

Motion agreed to and bill read the third time and passed.

CANADA GRAIN ACT

PROVISION FOR REAPPOINTMENT OF COMMISSIONERS—SALARY INCREASES

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 246, to amend the Canada Grain Act.

He said: Mr. Speaker, when I spoke on the resolution I outlined very briefly the amendments which are being proposed. I also referred to the work and responsibilities of the board of grain commissioners and to the problem of overages at country elevators. Two or three of the amendments really require very little more explanation than I have already given.

It is proposed to increase the salaries of the chief commissioner and of his fellow commissioners. Their present salaries were fixed in 1930. In view of the magnitude and importance of the board's operations, there can be no question that the increases are well warranted. Certainly they cannot be considered excessive as compared with the rise of general salary levels either in the public service or in business circles.

The amendment to provide for the reappointment of members of the board simply removes any room for doubt concerning the authority to make reappointments. The present section was not considered sufficiently clear in this respect.

The position of assistant commissioner for the eastern division—the lakehead—is to be dropped. Experience has shown that the duties of that position can very well be undertaken by the board and staff at the headquarters in Winnipeg. I am satisfied that the board's operations at the lakehead will in no way suffer as a result of this change. The same amendment proposes that henceforth the salaries of the assistant commissioners shall be fixed by the governor in council.

Section 85 of the Canada Grain Act specifies the form in which tickets and other documents used by elevator operators must appear. Hon. members from the prairie provinces will be familiar, for example, with the book in which

cash tickets are kept. Some elevator companies now are considering adopting the modern system of a continuous form used in a registering machine which keeps locked-in carbon copies and which has a number of advantages over the current form of book. The present wording of section 85, however, prevents the use of such a machine. It is therefore proposed, by amending section 15, to give the board of grain commissioners authority to permit the use, in the alternative, of such forms as may be approved by the board. At least one operator of a country elevator system is experimenting with the possibility of combining into one operation the issuance of the cash ticket and the wheat board's producer's certificate. At the present time the elevator agent has to complete the cash ticket on one form and the producer's certificate on another. Using the new type of continuous form it is proposed that the original copy will be the cash ticket; copies 2 and 3 will be the producer's certificate and the remaining copies will be the required additional copies of the cash ticket. Thus, in one operation, both forms will have been completed. I have in my office a copy of the proposed set of forms which I shall be pleased to show to any hon. member who is interested.

The Canada Grain Act now provides that the board of grain commissioners may make regulations and orders in respect of a number of matters, but it does not empower the governor in council to make regulations. It is desirable that such authority should be vested in the governor in council in order to permit speedy action to be taken when the occasion demands it. It is proposed, therefore, to provide the governor in council with the powers specified. The explanatory notes to the bill draw attention to the fact that it is occasionally impractical, or even physically impossible, to comply with some specific requirement of the act. There is probably no other major line of business in this country in which more unforeseen contingencies of one kind or another can arise than in that of getting the grain crops forwarded from the harvest fields to commercial positions. Serious emergencies inevitably occur from time to time. For example, in the situation that existed last autumn the terminal space at the lakehead was so urgently needed that it was impractical to carry out the weigh-overs within the period required by the Canada Grain Act. Other emergencies are bound to occur in future but it is not possible to forecast what form they will take.

As regards the questions of regulations, the board's power is limited to regulations or orders that "are not inconsistent with this act". The governor in council is to be given power to meet exceptional circumstances by issuing regulations of a type that the board is not authorized to make.

Hon. members will note that it is proposed that any regulation made by the governor in council, dispensing with a requirement of the act, shall automatically expire on the last day of the next succeeding session of parliament. If, therefore, the difficulty that gave rise to the regulation were of a permanent nature there would be opportunity to introduce at that session an appropriate amendment to the act. In most cases, however, the problems are likely to be of a temporary nature and the regulation by the governor in council would meet the situation without the necessity of subsequent amendment to the act.

Finally there is an amendment to effect some slight but necessary changes in the definition of certain grades of grain. The only changes are to insert the minimum weights per bushel of the various grades mentioned.

I believe the provisions of the bill are entirely non-contentious. There will be differences of opinion about matters not dealt with in the bill. But since this is an overhaul of the Canada Grain Act, after the bill receives second reading it will be referred to the committee on agriculture for further examination. If the committee decides to add to or to amend the bill the government will be prepared to give due consideration to such recommendations.

Mr. J. A. Ross (Souris): Mr. Speaker, I certainly am pleased to hear the minister say that the bill will be referred to the committee on agriculture. As is realized, the duties and responsibilities of the board of grain commissioners are important and varied, as they have to do with the trade-in, storing, and transportation of grain in this country.

As I suggested before, I hope the minister will make it possible for the committee on agriculture to hear the views of the chief chemist who acts under the board in connection with the testing of grain, and has something to do with grading. It would be important to have this official appear before the committee, and also that we should hear officials from organized agricultural groups, such as the chief officials of the United Farmers of Canada, the Federation of Agriculture and others. They should be permitted to appear before the committee on agriculture and make recommendations and

suggestions as to what should be done by way of amendment to the Canada Grain Act.

Their opinions vary. Some of them are not in agreement with the manner in which the act has been carried out, and I think it would be only right and proper that they should be given an opportunity to express their views. There has been considerable controversy in western Canada about the ultimate disposition of overages. The minister has said there would be no amendment in that respect. Nevertheless these people who have made a study of the matter should be permitted to make their recommendations. This bill is important to the grain producers in the prairie provinces. Because it is being referred to the committee on agriculture, I do not wish to speak at greater length now.

Mr. William Bryce (Selkirk): Mr. Speaker, I am glad the minister is going to let this bill go to the committee on agriculture, because this will save prolonged discussion in the house, and give hon. members an opportunity to go into the Canada Grain Act. For some things there will be approval, and for others disapproval; but in committee we will have an opportunity to express our views and to ask questions. I do not think I need to say more at this time.

Mr. Robert Fair (Battle River): Mr. Speaker, like hon. members who have spoken thus far in the debate, those of us in the Social Credit party welcome the amendments to the Canada Grain Act. This act has been developed over a number of years, and the improvements it has brought about have been of great assistance to the farmers, particularly those in the prairie provinces. I am glad the minister has promised to send it to the committee. I hope he will have people there to give us information.

I am glad also that the minister has said that consideration will be given to an amendment that might be suggested by that committee. While the act is not nearly as bad as it used to be, I believe there is still room for improvement. Perhaps by the time the committee and the house are finished with it, it will be in a more satisfactory condition than it is at the present time.

Motion agreed to, bill read the second time and referred to the standing committee on agriculture and colonization.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

[Mr. Ross (Souris).]

TORONTO ISLANDS—EROSION OF SHORE LINE

Mr. George H. Hees (Broadview): More than two months ago, Mr. Speaker, I brought to the government's attention the very serious change that is taking place in the Toronto islands by virtue of erosion. I pointed out that if this damage was allowed to continue, the islands would disappear, and without their protection Toronto harbour would cease to exist. I urged the Minister of Public Works (Mr. Fournier) to send an engineer to see what could be done in the way of building a breakwater and groynes to prevent further deterioration.

On May 9, in order to check up on the progress that had been made in this matter, I put a question on the order paper as follows:

> Has the government received a report from the engineer sent to investigate the damage caused by flooding and erosion to the Toronto islands?
>
> If so, what is the recommendation of the engineer for protective works to prevent further deterioration?

The answer I received to both of those questions was as follows:

> Matter under investigation.

Having received that return, Mr. Speaker, today I phoned the mayor's office in Toronto to see just what sort of co-operation the city of Toronto was receiving from the federal authorities. I was told that, first of all, the situation with regard to the deterioration of the Toronto islands had become considerably worse in the last two months. Secondly, the government has given no indication whatever that it intends to accept any responsibility in this matter. The reply that I received to my question is therefore simply a parliamentary way of saying that the government is doing nothing in this matter; intends to do nothing; and simply hopes that the matter will be forgotten.

I should like once again to point out to this government that the Toronto harbour is a vitally important part of the St. Lawrence seaway project, and that, without the Toronto islands, the Toronto harbour would cease to exist. The preservation of the Toronto harbour is a federal responsibility. If the Toronto islands are allowed to deteriorate further, many times the cost of protecting them now will have to be spent later in providing protective works to make the continuance of Toronto harbour possible. I take this opportunity, therefore, of once again strongly urging the government to recognize its responsibility, and to undertake, in co-operation with the city of Toronto, the protective works that are necessary to prevent further deterioration of the Toronto harbour.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

PRIVY COUNCIL

315. General administration, $346,391.

Mr. Knowles: There is one question that I should like to put to the Prime Minister. One should not indicate in advance that there might be any doubt as to his question being in order. It is a risky thing to do, but perhaps, Mr. Chairman, you will allow this question to be asked at this time. The reason I ask it on this item is that I believe the Massey report did come directly under the Prime Minister, and we are now dealing with the privy council, which is the Prime Minister's department.

Can the Prime Minister say, in more detail than he has by answering questions on the orders of the day, whether consideration is being given to the making of a reasonably generous grant to the dominion drama festival? I recognize that the recommendations of the Massey report with respect to that matter were not too precise or too definitive, but certainly there were suggestions to that effect. There are people in this country who are concerned over what has happened to the dominion drama festival recently because of its shortage of funds. I refer to the offer of certain interests which the festival directors deemed it necessary to accept. There are people who have protested against this acceptance, and I believe some of the protests may have reached the Prime Minister. Could he say whether further consideration has been given to that matter arising out of the government's study of the Massey report?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Chairman, consideration has been given to that matter, but it has been found it is not a matter that can be dealt with separately. I do not mean to suggest that there is any intention of waiting until we can propose as general a solution to the problem of culture as was reported in advance in a broadcast that was made Sunday night between 9 and 10 o'clock. But it is not probable that any appropriation will be asked from parliament at this session for the purposes of the drama festival or the encouragement of the Canadian ballet or other kindred matters.

It would not be possible to pick out any one or more of these community activities of a cultural nature until we have been able to look over the whole field, and recommend to parliament general principles according to which encouragement might be extended in a financial way to some and refused to others who would not be within the general principles approved by parliament.

Mr. Knowles: I take it, then, that we can expect in due course further recommendations in the field of culture as covered by the Massey report?

Mr. St. Laurent: I did not quite catch the last words of the hon. member.

Mr. Knowles: We can anticipate further recommendations may come along in due course?

Mr. St. Laurent: Further recommendations certainly will come along in due course. There is a realization on the part of the government that there is a wide interest throughout the whole of Canada in that field, but it was not found to be practicable to do anything at once in any other field than that of aid to the universities and institutions of higher learning, which was done on an experimental basis, as the hon. member realizes, by the appropriation asked from parliament at the last session.

With respect to the others, the government has not only its own members but interdepartmental committees trying to devise the kind of formula which could be recommended to parliament and which would make it possible then to recommend grants to certain activities and to refuse them to certain other activities for valid reasons set out in the statement of principles or formula that would have been recommended to and approved by parliament.

Mr. Macdonnell (Greenwood): May I just ask one further question of the Prime Minister in connection with that matter? I appreciate the reason that universities were especially dealt with. I appreciate the difficulty of acting in advance of general principles being laid down. However, I ask the Prime Minister this question. Is it, as I understand it to be, a fact that the drama movement is perhaps, after a good many successful years, in danger not only of falling on evil days but perhaps of even coming to an end because of the failure of its resources? In other words, may I ask whether this may not possibly be an emergency measure different from others?

Mr. St. Laurent: The reasons for treating it as an emergency situation were put to the government and were considered; and the conclusion arrived at was that we were not disposed to take the responsibility of recommending something to parliament until we could state what were going to be the general principles we felt should be established.

Mr. Macdonnell (Greenwood): At page 378 of the estimates I notice one or two changes in the staff, and I wanted to ask the Prime

Minister about them. Referring to page 378, I notice that, compared with a year ago, apparently there is no item for secretary to the office of the Prime Minister nor for an administrative officer, grade 6. Then going further down the page, towards the end, I notice that for 1951-52 there is an item for messengers whereas the designation is now changed to confidential messengers. I wonder whether the work of the messengers is in any way changed.

Mr. St. Laurent: There was no further statutory room for any increases in salaries under the classification of messengers, and really they are confidential messengers, because practically all the messages they have to carry are of a classified character. The civil service commission reclassified the men who were occupying those positions and placed them in the class of confidential messengers so that the appropriation which had hitherto been voted for messengers is being recommended to parliament this time under the heading of "confidential messengers".

Mr. Macdonnell (Greenwood): At the top of page 379, I notice that last year there was an item of $75,000 for publication of consolidation of statutory orders and regulations and there is no similar item this year. Was that something which was just for one year?

Mr. St. Laurent: I thank the hon. member for bringing this matter to my attention at this time because I felt that it was desirable that I have the opportunity of giving some information to the committee about it.

This item of $75,000 was recommended and voted the last time for the French version of the consolidation of the orders and regulations, and it was fully expected that it would be expended before March 31. As a matter of fact, only a small portion of it was expended because the printing office had more urgent work to be done and has not yet completed this French version. When the estimates were prepared it was anticipated that this $75,000 which was voted last year would be expended and that there would be no requirement for anything of that character this year. It so happens, however, that most of it has lapsed and in the supplementary estimates there will have to be an item for that portion of the $75,000 which was not expended and which will come to be paid during the present fiscal year.

Item agreed to.

Federal district commission—

318. To provide for maintenance and improvement of grounds adjoining government buildings at Ottawa, and to authorize an amount not exceeding $142,400 for construction, improvements, maintenance and operation of the parkway system, under the control of the federal district commission which is additional to the sum of $300,000 granted by chapter 55, statutes of 1927, as amended, $433,794.

Mr. Browne (St. John's West): Yesterday in the public accounts committee we had some discussion about the amount voted for the federal district commission, and it was stated by the Auditor General that each year there is a deficit because the grant is not sufficiently large to pay their expenses.

The Chairman: Order. Have the proceedings of that committee been reported to the house?

Mr. Browne (St. John's West): No, Mr. Chairman, they have not; but if I may say so, we are discussing this item at the present time and I am suggesting that if it is not large enough, it ought to be made larger. I was going to point out that I think in the public accounts other revenue was shown from which they apply money to meet the deficit. I did not, however, rise especially to speak on that matter.

I understand that it is part of the duties of the federal district commission to look after the Mackenzie King bridge. I was wondering whether those who were responsible for advocating it could tell us whether the expenditure—which has been a large one—on that construction has been justified by the amount of traffic that is using it at the present time and whether there are any other plans for bringing a greater proportion of the traffic, especially at rush hours, across that bridge. From observations I have made from time to time, it seems to me that the bridge is not used a great deal.

Mr. St. Laurent: The approaches on this side of the Mackenzie King bridge have not been completed. It was hoped that the structures that stand in the way could be taken down early this spring, but the Minister of Public Works has not yet found a place to put those public servants who now have their offices in the buildings. That is the reason why the approaches have not been completed.

I have been over the bridge on several occasions and I agree with the hon. gentleman that if there was not going to be more traffic over it than there is at the present time it would not have been justified. But these approaches are going to be provided just as soon as other accommodation can be found for the offices that are now in the structures that have to be torn down. I hope that will not be long, because in the meantime the public is not getting annual value for the amount of capital that has gone into the construction of the bridge. That situation should therefore not be allowed to continue for any longer than is necessary.

Mr. Macdonnell (Greenwood): Further on the same subject, may I say that I am delighted to hear from the Prime Minister that no one is going to be put out from shelter which he now has in order to accommodate the traffic which is going over that bridge. I think what he says is manifestly true, namely that up to the present time traffic has been extremely light.

Mr. Fulton: May I ask the Prime Minister whether the operation and maintenance of Laurier house is under this item of the federal district commission or whether it is under public works?

Mr. St. Laurent: The hon. gentleman will remember the terms of the legislation which was passed last year. As I recollect it—and of course I am speaking now only from memory—it was public works that was to maintain the structures and the federal district commission was to maintain the grounds at Laurier house; but the legislation requires the Minister of Public Works to maintain the structures that are there.

Mr. Fulton: Any question as to the alterations of the building and the extent to which it is used as a centre of research would probably remain—

Mr. St. Laurent: When Public Works estimates are under consideration would be the time to ask about the alterations to the buildings.

Mr. Richard (Ottawa East): Last year on this item I suggested two things: One, a revision of the federal district statute, which has been amended from time to time. Since that time I have consulted with the chairman of the federal district commission, and he has advised me it is the intention to look into the act and to make a report to the Prime Minister. The second thing I had in mind at the time was that since the work of the federal district commission and the national capital planning committee is very important and rather elaborate, and since the support of the house and of the public throughout Canada is very important toward the development of this district today, I think that not so much to investigate but rather to inform the members of this house it would be desirable that once in every parliament we should have an opportunity to bring the members of the federal district commission who are on the executive side before a committee to discuss their problems, and also their objectives. That was done a few years ago, I think, in two or three meetings before the banking and commerce committee in the other place. The suggestion is worth while, and if that were done hon. members and the public would realize the importance of the work much better than they do at the present time.

Some things have been said about the Mackenzie King bridge. I might be the lone rider on it from time to time, but I think in time the construction of the bridge will be justified. The approaches are not completed and the traffic has not been routed from other parts of the city. There is no doubt that it is a fine bridge and the people of Ottawa are very proud of it. I am quite sure that in time its construction will be justified.

Mr. St. Laurent: I think the hon. gentleman will admit that the chairman of the federal commission is doing a great public service in the performance of his duties as such, just as his predecessors did, and the hon. gentleman is in frequent communication with the president. I can assure him that when he and the president come to me and tell me it would be of value to have a committee set up to enable hon. members to get information directly from the members of the commission, I shall be glad to give serious consideration to having that done as soon afterwards as possible.

Item agreed to.

319. Expenses of the national planning committee, $45,000.

Mr. Knowles: In view of the fact that this item was not wholly spent last year, can the Prime Minister indicate what the plans of this committee are for the ensuing year? Does he feel that the full amount is needed? I note from the details on page 380 that the estimate as to the total spent last year was a little less than $30,000, as against a vote of $45,000.

Mr. St. Laurent: I am sorry that I cannot do any better than report to the committee that these estimates for the federal district commission were submitted by the chairman of the federal district commission, and that I know from past experience they do not spend more on the meetings of this planning committee than they feel is fully justified. There was only a little over $30,000 spent last year, but the recommendation was that we should make an appropriation of the same amount of $45,000 for this year. It may be that, as happened last year, it will not be wholly expended; but I would prefer that to be the situation than to have them come and ask for something additional out of the special vote that is always provided in the estimates of the Minister of Finance for unforeseen requirements. We are on the safe side, and I am sure that there will not be unnecessary expenditures, nor any effort to

have the expenditure equal the appropriation, if that is not required by proper public interest.

Item agreed to.

320. To authorize payment of the fifth instalment to a special account in the consolidated revenue fund, known as the national capital fund, established under vote No. 809, Appropriation Act, No. 4, 1947-48, $2,500,000.

Mr. Knowles: Can the Prime Minister tell us the state of this fund? This is the fifth payment into it. It would add up to quite a sum of money. Can he tell us how much has been spent and what projects are under contemplation at an early date?

Mr. St. Laurent: I am sorry but I have not got the actual expenditures out of the fund. The amounts were given last year, and there have been certain expenditures out of the fund for the acquisition of further lands since that time. I know that as a fact, because I have to sign the recommendations to council for the approval of the projects that come from the federal district commission. I shall be glad to get a statement of the exact situation at the present time; I am sorry I have not got it in the information that has been supplied to me this afternoon.

Mr. Knowles: I certainly will not delay the item. But since there is general interest in the matter, perhaps the Prime Minister will consider having a statement made along the lines of my question and table it some day as a sessional paper.

Mr. St. Laurent: I shall be glad to do so, and have the federal district commission prepare a statement and the amounts. At the earliest possible occasion I will lay it on the table of the house.

Mr. Richard (Ottawa East): Perhaps the Prime Minister will note particularly the developments around Sussex street with respect to the two bridges and also the razing of the old statistics building in the near future.

Mr. St. Laurent: I have a note which has just been sent to me and which should have reached me earlier. It will enable me to dispose of the former question at once. It is from Mr. Cram and reads as follows:

It occurred to me that it might be well to insert in the estimates book of the Prime Minister an item of the expenditure made to date from the national capital fund.

Including the fiscal year 1951-52 four instalments of $2,500,000 each have been appropriated by parliament to the national capital fund.

Of this $10 million the following expenditure has been made to date:

1. Acquisition of property	$1,158,600
2. Mackenzie King bridge construction	1,264,700
3. Construction of railway cut-off line in south Ottawa	413,700
	$2,837,000

Mr. Macdonnell (Greenwood): Will the Prime Minister remind me of what I should not have to ask? How long do these instalments go on—indefinitely? I refer to the annual contribution of $2,500,000.

Mr. St. Laurent: It has to be renewed every year. The statement that was made when the first appropriation was recommended to parliament was that it might be advisable during each year for ten years to recommend to parliament the appropriation of an equal amount and this is the fifth time the government has brought the annual recommendation to parliament.

There is no commitment by parliament with respect to future appropriations, but the original general intention was, and it is still the intention, to recommend each year during the period of ten years this grant of $2,500,000.

Mr. Macdonnell (Greenwood): These are substantial amounts that have been spent and I should like to know whether the expenditures are made by the relevant departments, the Department of Public Works for example, or is it done entirely by the planning commission itself?

Mr. St. Laurent: I understand that for the construction of this bridge the federal district commission enlisted the services of the Department of Public Works and it was that department that finally certified the plans and specifications and tenders for the implementation of those plans were called for by that department.

Mr. Macdonnell (Greenwood): I take it from that that the national planning commission does not maintain a separate staff and there is no duplication of any kind.

Mr. St. Laurent: They do not maintain a capital construction staff; they maintain a maintenance staff to take care of the properties entrusted to them.

Mr. Browne (St. John's West): Can the Prime Minister tell us whether the planning commission or the district commission intends to embark upon any major undertakings in the near future? It seems to me that this money is piling up. I understand the principal project they have in mind is the removal of the railroad tracks and the railroad station to some distance outside the centre of the city.

Mr. St. Laurent: There has already been expended from the capital planning fund on that project a total of $413,700 for the railroad cut-off in south Ottawa. That is the first step in the carrying out of the project to remove heavy traffic trackage from the centre of the city. I think the intention is to co-

operate with the government and other public authorities in timing the public works that the commission will undertake. They do not want to place a heavier drain on materials and manpower than the Department of Public Works feels would be proper in connection with the things under its control, nor do they want to go beyond what we recommend to provincial governments and municipalities in the way of a co-operative effort to discourage inflation.

Mr. Stewart (Winnipeg North): This question may not be altogether germane to this particular item, but it would seem to me that the federal district commission is not receiving sufficient money each year to carry out its current duties. Apparently it is spending more than $300,000 a year and I was wondering if consideration has been given to that fact.

Mr. St. Laurent: Up to the present time the fund to which this $300,000 a year is contributed has not been exhausted; it is still in the black, to use a common expression. It is quite true that in the last couple of years more has been taken out than has gone in by way of annual appropriation and no doubt consideration will have to be given to keeping the account in a fluid condition. It has not yet been found by the commission or by the Auditor General that there is any urgency, but the matter is under consideration and the government will not hesitate to take the responsibility of recommending an increase when the commission and the Auditor General feel that an increase is required to keep the account in balance.

Item agreed to.

GOVERNOR GENERAL AND LIEUTENANT GOVERNORS

169. Office of the secretary to the governor general, including the salary of the secretary to the governor general at $7,600 additional to salary authorized by chap. 182, R.S. 1927, $120,224.

Mr. Knowles: What progress is being made with a matter that comes under this item concerning which the Prime Minister and I have had discussions on previous occasions? This is another of those items referred to by the Auditor General where a salary is paid in part by virtue of the provisions of a statute and in part by an item in the estimates. At the moment I forget the amount set out in the statute.

Mr. St. Laurent: $2,400.

Mr. Knowles: Yes. Here then is a case where the statute says that the salary is to be $2,400 a year but the incumbent receives $10,000 a year by virtue of this supplementary amount of $7,600 in the estimates. I think it is fair for me to say that the Prime Minister has expressed on previous occasions agreement with the suggestion that matters of this kind should be tidied up. What progress is being made in the tidying-up process?

Mr. St. Laurent: I inquired if it would not be possible to make the proper permanent amendments to deal with the governor general's establishment. Certain changes have been made in the establishment which are still on an experimental basis. It was felt that we were not in a position this year to do what would be considered sufficient as an amendment of a permanent character. More than this one item would have to be taken care of, and we were not in a position to say that the matter had had sufficient consideration for us to assure parliament that that would be the permanent situation. In view of the change in the incumbent of this high office of governor general it was felt that we would just carry on under the system that prevails without attempting to make an amendment that would probably have to be completed at another session by further amendments.

Item agreed to.

170. To authorize and provide, subject to the approval of the governor in council, for expense allowances to the lieutenant governors of the provinces for travelling and hospitality undertaken in the exercise of their duties, $86,000.

Mr. Knowles: I do not intend to debate this item at length, but I do wish to repeat the opposition to it which we of this group expressed when the same proposal was first made earlier this session in the form of a supplementary estimate. That supplementary estimate provided for the institution of these special expense allowances to lieutenant governors for travelling and hospitality. The reason it was provided by way of a supplementary estimate was to permit the practice being made effective as from January 1 of this year.

We opposed that supplementary estimate and our further thought on this matter leads us to feel that we should still oppose a grant of this kind. We feel that if a case can be made for adjusting the salaries of the gentlemen who occupy these posts of lieutenant governor, then that adjustment should be made by statute in the salary itself.

We dislike the idea of the sliding scale that is involved in this matter. By the way, that reminds me that the Minister of Finance answered a question of mine when we were on the supplementary estimates as to why the wording was different in the supplementary estimates from the main estimates. He indicated that an amendment would be made at this time. I take it that amendment will be

forthcoming and that it will set out the sliding scale formula. It seems to me that is unrealistic. I feel that to put these gentlemen in the position of having to turn in statements as to what they have spent on travelling and entertainment is hardly compatible with the nature of their positions. As I recall it, the Prime Minister said they were not going to be asked to submit definite vouchers covering every item of expense but rather that they would be asked to submit their own statements that they had spent whatever amounts were claimed. We feel it is wrong in principle to make a provision of this kind. We say again that if it is felt necessary to make any salary adjustments—not that we think any increase is necessary—it should be done by an adjustment in the salary itself rather than in this way. For these reasons we are opposed to item 170.

Mr. St. Laurent: To carry out the undertaking given by the Minister of Finance when the question arose on the supplementary estimates, I would ask my colleague, the Minister of Public Works, to move that the language of the vote, without affecting the amount, be changed to read as follows:

To authorize and provide for the reimbursement to the lieutenant governors of the provinces of Canada of the costs of travelling and hospitality incurred in the exercise of their duties up to a maximum per annum for each as follows:

(a) where the population of the province at the last decennial census did not exceed 500,000, $5,000;

(b) where the population of the province at the last decennial census exceeded 500,000, $5,000 plus $1,000 per each 100,000 or fraction of 100,000 of population over 500,000, but not exceeding $12,000 in any case...

Mr. Fournier (Hull): I so move.

Mr. Knowles: It sounds like a new formula for redistribution.

Mr. St. Laurent: It is a new formula for the distribution of an amount not exceeding $86,000 to provide for the reimbursement of expenditures that the lieutenant governors feel they must incur to discharge properly the responsibilities of the offices to which they have been appointed.

Mr. Macdonnell (Greenwood): I wish to say a word about this item. We have certain questionings about it. There are one or two questions I should like to ask. I take it that the expenses of the lieutenant governors last autumn when the royal party was here were in fact paid either by themselves or by the various provinces.

Mr. St. Laurent: Yes.

Mr. Macdonnell (Greenwood): May I ask whether this action is being taken on the initiative of the government itself simply as a thing which it seemed reasonable to do or if in fact the matter was put forward by the provinces. It is hard for me to believe, for example, that the province of Ontario should not, could not and would not look after an expenditure of that kind. I wonder if we might be told a little more about the background, although the amount involved is quite trifling compared with some of the amounts we pass.

Mr. St. Laurent: It has been brought forward on the initiative of the government itself. Since I have been a member of the government considerable difficulty has been experienced on various occasions in securing gentlemen looked upon as of the right standing in their respective communities to assume the responsibilities of the office. It was pointed out to us by a number who have not become lieutenant governors that they could not afford to do it because they would have to spend very much more than what would be left of the salary fixed by statute after paying income tax. There was one suggestion that they should not be subject to income tax.

It was felt that as long as the requirements of the country were such that there had to be a very wide base for income tax, then exemptions from income tax were not the right thing to recommend. When you start making exemptions for one it leads to another. The officials of the Department of Finance and the minister felt it would be creating embarrassment for future ministers of finance to commence the process of exempting individuals from income tax. However, it is recognized that there are certain expenses that are necessarily incurred to receive the income, and recognition that certain expenses are incurred as a condition of getting the income that is taxed is being extended almost from session to session. The only way in which it was felt it could be done in this case was to recognize that there were such expenditures.

I have no doubt that the lieutenant governor of Ontario is going to expend considerably more than this amount but it was felt that here was something that was comparable to allowances made to ministers or ambassadors abroad, and that an amount of this kind would make it somewhat easier to secure the acceptance of gentlemen who might be approached in the future with the offer to occupy this very dignified and honourable office. I was told in one case, and it was not in Ontario or Quebec, that it meant an annual expenditure of not less than $40,000 out of the personal income of the incumbent to discharge properly the responsibilities of the office of lieutenant governor in the manner to which the people of his

province had become accustomed. I felt they had perhaps become accustomed to more than was really necessary but that nevertheless there was a certain amount that was inevitably required to do the things that we frequently ask lieutenant governors to do.

We frequently communicate with them and ask them to take some part in the entertainment of distinguished guests who are visiting our country. Constitutionally the responsibility for the appointment and emoluments of lieutenant governors is a responsibility of the central government. It was felt that if there was a certain amount against which they could say they had made the kind of expenditures that are described in this language as proper expenditures in the discharge of the functions of their office in a dignified way it would be proper to reimburse them not in the form of income but for necessary expenses that they had incurred.

Amendment agreed to.

The Chairman: Shall item 170 as amended carry?

Mr. Knowles: On division.

Item as amended agreed to on division.

ROYAL CANADIAN MOUNTED POLICE

422. General administration, $367,953.

Mr. Fulton: Mr. Chairman, unless the minister wishes to make an opening statement, I shall proceed to ask some questions, the first of which concerns the manner of payment of the salaries of members of the Royal Canadian Mounted Police. I think perhaps it would be better to have this discussion under the general item.

It was represented to me that many members of the force, if not all, receive their salaries monthly rather than bi-monthly, and that this imposed upon them considerable financial difficulty in that they do not have enough at one time to meet household expenses as they become due. On the other hand, if they have household expenses at the end of the month, then before receiving the monthly cheque at the end of the following month they experience some financial embarrassment.

I understand representations have been made asking that they be placed on a basis whereby they would be paid twice a month, but that so far nothing has come of it. Is the minister able to say whether this matter is receiving attention? I hope he will tell us that it will be changed so that members of the force may receive their cheques twice monthly.

Hon. Stuart S. Garson (Minister of Justice): Mr. Chairman, it is a fact, as my hon. friend has said, that the members of the force are paid once each month. I must say however that I have received no representations from anyone to the effect that this method has not been acceptable to members of the force. I have asked the commissioner, who is now sitting in front of me, and he says he has received no representations. So, as the hon. member's remarks are the first representations made to us, we shall be glad to look into the matter, to see if they have some foundation.

Mr. Fulton: I am glad the minister has said that, because I was under the impression that representations had been made in writing. My information was on the basis of personal conversation, so I am not in a position to offer substantiation. If the minister will look into the matter, I shall be grateful.

Mr. Blackmore: What provision is the minister making to see to it that the incomes of mounted police are kept in line with the increased cost of living? Have adjustments been made in their incomes?

Mr. Garson: Provision was made in December of last year whereby an increase was granted to the salaries of members of the Royal Canadian Mounted Police at about the same time and, so far as the two bodies are comparable, on the same basis as was awarded to members of the civil service.

Mr. Blackmore: Is there a general feeling among the mounted police that they are being adequately paid to meet the expenses they have to incur?

Mr. Garson: Subject to the feeling all of us have, that we would like to have our incomes somewhat larger than they are, I think there is a general feeling in the force that they have been treated fairly, in comparison with, let us say, the civil service or other bodies with whom they would be comparable. I am sure they would agree, however—as indeed I would myself—that their incomes could be larger than they are. I might say the same about mine, too.

Mr. Blackmore: Let us suppose a member of the force is transferred from one place to another, and upon doing so finds it impossible to obtain living quarters at the rate he had been paying before the transfer. Is there any follow-up item by officials to see that such a situation does not become serious?

Mr. Garson: While I cannot say that all such cases are taken care of, for some years past it has been our practice to increase the number of buildings, residences and the like available for members of the force in the different cities in which detachments are placed. We add to that number as finances

and materials permit. In respect of some officers we rent premises, and make them available.

Mr. Blackmore: What provision is made to cover additional expenses incidental to the arrival of another member of the family? This is a serious matter for married people. Is there any provision for additional expense incurred upon the birth of a child?

Mr. Garson: I wonder if I may be permitted to restate my hon. friend's question so that I shall be sure to have it right. Does he refer to the mere addition to the family of a member of the force, or is he referring to the additional cost of moving from one detachment to another arising through the having of a larger family?

I understand we do not defray the cost in connection with an addition to the family of a member of the force. But, inasmuch as we pay the moving expenses in the event of a man's being moved from one detachment to another, naturally these would include the expenses of all members of his family. And of course if he has had an addition to his family, we would pay the moving expenses if any of that additional member.

Mr. Blackmore: The impression is abroad everywhere that we pay our mounted police meagrely, and that they are kept pretty well on a subsistence basis. If additional expense is incurred through an incident such as that I have indicated, or through sickness in a family which would cause a burden of debt to be developed, is some provision made for cushioning any such conditions which may develop, and which would affect the head of the household?

Mr. Garson: In common with all other Canadians, members of the force receive family allowances. When there is an addition to the family there is automatically qualification for a greater family allowance, for that addition. Their moving expenses are paid when they transfer from one detachment to another—and that is more than some Canadians receive when they are moved from one place of business to another. Then, during the last two years the members of the force have received two separate and fairly substantial increases in their pay. In each case the effort was made to keep the members of the force on a basis comparable with members of the civil service, and in a manner which would be fair to the civil service on one hand and the members of the force on the other. When all these factors are taken into consideration I think we can claim that the members of the force have been fairly treated in respect of the matters to which the hon. member has referred.

[Mr. Garson.]

Mr. Browne (St. John's West): In the details at page 472 the revenue is set out. Is that revenue received from the provinces by way of payment for work done by the mounted police in those provinces?

Mr. Garson: The hon. member is referring to the $2,658,155 on that page?

Mr. Browne (St. John's West): That is the amount for 1950-51.

Mr. Garson: That is made up almost entirely of payments received from provincial and municipal governments in eight of the provinces for police services supplied by the R.C.M.P. under contracts with those provinces and municipalities.

Mr. Browne (St. John's West): Does that money go into the consolidated revenue fund?

Mr. Garson: Yes.

Item agreed to.

423. Operation and maintenance, $25,210,272.

Mr. Fulton: Under this item, Mr. Chairman, there is a considerable increase in the number of personnel on the administrative side—I do not mean the members of the force itself—from 588 to 790. Would the minister say what has been the main cause of that increase?

Mr. Garson: The reply is that the major portion of the increase is accounted for by the naturally heavy increase in security work which is being done by the mounted police consequent upon the condition of cold war in which we are at the present time. This security work, as I am sure the hon. member will realize when he reflects upon it, involves a lot of desk and paper work. In addition to that, we have tried to get civilian employees into all positions in the force in which they could discharge the duties of the office, in order to release as many of the force as possible for active police work.

Mr. Fulton: There is no similar figure given for the actual number of men, non-commissioned officers and officers in the force itself. There is an item here for the pay of the members of the force, but can the minister say what is the present total of the personnel of the force as compared with last year?

Mr. Garson: Yes, I have the figures here. As at May 24, 1952 the force in regular uniform totalled 4,213; special constables, 371; civilian employees, 340; civil servants, 780; total, 5,704.

Mr. Fulton: I think the minister said 340 civil servants are included? What are those who are represented by this 340? Are they doing police work or office work or administrative work?

Mr. Garson: They are doing not only office but maintenance work as well, not police work.

Mr. Macdonnell (Greenwood): Are they the ones the minister referred to as special constables—I believe that phrase was used.

Mr. Garson: The special constables do special police work of various kinds.

Mr. Macdonnell (Greenwood): Are they in uniform?

Mr. Garson: No, they are not. Just to avoid any misunderstanding on that score, what is referred to as the special branch of the force, which is engaged in security work, would take in uniformed men, special constables, civilian employees and civil servants, so it cuts right across those four categories. As I have said, the special constables do special police work of various kinds.

Mr. Macdonnell (Greenwood): I might say that from what small experience I have had with them I have been favourably impressed. It has always seemed to me they were considerate. At the same time I should like to know, because it is of such great importance, what the minister can say to us regarding the selection and training of these men. After all, if I understand their duty correctly, they have that extremely difficult task of considering and making up their minds as to the loyalty of Canadian citizens, and they have the responsibility of actually reporting against people.

Mr. Garson: I think perhaps I can indicate the degree of care which is exercised in the selection of members of the special force, if I indicate that in the choice of the members of the regular force we ordinarily accept about one-twelfth of those who offer themselves as recruits. There is a very high standard of qualification.

Mr. Macdonnell (Greenwood): You are speaking now of the uniformed men, the 4,000?

Mr. Garson: Yes, of the force generally. With regard to the members of the special branch, we have a higher standard than even the high standard which prevails with regard to the force itself. In the special branch there will be quite a number of university graduates, and there will be also a large number of men whose capacity had been proven through years of experience in the main force. When these men indicate by the manner in which they carry out their duties in the main force that they have special fitness for work in this special branch, they are transferred in order that we might avail ourselves of their special qualities.

Mr. Macdonnell (Greenwood): Will the minister say how many of the specials come out of the main force? What percentage of the special branch comes from the regular force?

Mr. Garson: Between one-half and three fifths; that would be between 50 and 60 per cent.

Mr. Macdonnell (Greenwood): The minister has indicated that a large number of the special force are university men. Could he say what percentage of the main force are of that background, university men?

Mr. Garson: A relatively small percentage; I would say less than 10 per cent of the main force.

Mr. Fulton: I wonder if the minister can say a word with reference to the security work done by the Royal Canadian Mounted Police and the work carried on by the civil service itself. I have been quite concerned about this when hearing recently of the security check which is made of civilian employees, for instance, in the Department of National Defence. Then we find the Department of Defence Production has certain security forms which must be filled in before people are employed. The minister has made reference to the security work done by the Royal Canadian Mounted Police. Can he say a word to indicate the co-operation between at least these three branches of the government service which are carrying on security checks, to reassure us that overlapping is being avoided in so far as that is possible?

Mr. Garson: I am afraid my knowledge of the details of the administration of these other departments to which the hon. member refers is not sufficient for me to state at all authoritatively what their security precautions are. Nevertheless I think I can explain quite accurately the relationship between these other departments and the Royal Canadian Mounted Police.

The other departments of government, depending on how vulnerable they may consider themselves to be in the matter of security, ask the Royal Canadian Mounted Police for a report upon any employee concerning whose loyalty they entertain doubt. This report is prepared by men in the Royal Canadian Mounted Police who are specially detailed for that purpose. After that report has been prepared it is sent to the deputy minister of the department concerned. I should like to emphasize the point that in no case does it contain any recommendation by the mounted police to the effect that the subject of the report should be either dismissed or retained. The report is entirely factual. When it is received by the deputy minister

of that other department, the responsibility for reaching a judgment upon the basis of that report and such other material as the deputy minister may have, to the end that he may retain the employee, dismiss him or take whatever other action he may wish to take, is the responsibility of that deputy minister. As far as the mounted police are concerned, their duty is confined in this context to the supplying of factual reports concerning employees of other departments.

Mr. Fulton: Can the minister say whether the screening—to use the general word which is used—which is done in other departments is always done by the Royal Canadian Mounted Police at their request, or whether these other departments also carry on their own screening? For instance, who does the screening for the Department of National Defence and the Department of Defence Production?

Mr. Garson: I know my hon. friend does not intend this as a trick question.

Mr. Fulton: No.

Mr. Garson: Having regard to the facilities we can provide in the Royal Canadian Mounted Police for work of this character and the probable absence of equal facilities elsewhere in the government service, I believe we are the only ones who provide reports of that kind. As my hon. friend will be the first to agree, I cannot say positively that any other department does not get reports from other sources, but I do not think they do and I do not see any reason why they should. I think we can give reports that are better than any that can be procured from any other source. So far as I know we are the only department of the public service that is asked to produce factual reports of that kind.

Mr. Fulton: There are two other questions I should like to ask. One has reference to newspaper reports I have seen which indicate that the musical ride is being revived. Is that correct?

Mr. Garson: Yes.

Mr. Fulton: Then I think the opportunity should be taken to tell the minister, and to let it be known to the commissioner as well, that I for one—and I think I speak generally for most people—feel that is an excellent move and that they are to be congratulated upon that decision.

The other question I should like to ask relates to the Royal Canadian Mounted Police band. Is that band to be sent over to take part in the coronation ceremonies in England?

Mr. Garson: I want to express my appreciation, on behalf of the force, for my hon. friend's congratulations concerning the musical ride. I am hardly in a position to agree with him, under the circumstances; but if I may do so without immodesty, I may say that I certainly agree with him. As to the band, as yet no decision has been reached.

Mr. Fulton: Is it a decision to be made on our own part or is the situation perhaps, if I can put it that way, that an invitation to go over is not yet firm?

Mr. Garson: If my hon. friend will permit me to say so, I think the situation is probably that the point of discussing this particular topic by any government has not yet been reached.

Mr. Fulton: I am sorry, but I did not quite follow what the minister said.

Mr. Garson: I say I think it is a case where the point in time has not yet been reached when this matter is under consideration or discussion by any government at all. We read in the newspapers about the coronation; and that the tentative, probable or speculative date is some time, presumably, in June, 1953.

Mr. Pearson: It is fixed as June 2 or 3.

Mr. Garson: June 2 or 3 in 1953. But I do not think the arrangements have reached the point where we could as yet say that the mounted police band would be going to the coronation.

Mr. Fulton: I appreciate the fact that the matter must be in a fluid state at the moment. I would say, however, that I am sure the people of this country would agree that anything along this line, within reason, which would increase Canada's participation in these coronation ceremonies would be desirable and that it would receive the approval of the country. As far as we are concerned, I can assure the minister that if it should be found possible, we would hope that the band might be sent over.

Mr. Garson: We entirely agree with my hon. friend.

Mr. Blackmore: Will the minister say whether the mounted police force is up to the full desirable strength at the present time or whether there are deficiencies?

Mr. Garson: I think the term that is used is "authorized strength". At the present time the force falls short of the authorized strength in each of those four categories I named previously.

Mr. Shaw: It is my understanding that within the past year or two certain reorganization has taken place within the force itself. For example, I understand that the rank of

subinspector has been abolished. Just how far has this reorganization gone and what ranks have been affected?

Mr. Garson: Some reorganization has taken place but the rank of subinspector, to which my hon. friend has referred as having been abolished, has been retained.

Mr. Macdonnell (Greenwood): If I may, I should like to ask a question which really covers items 422 to 429. I observe that there are three items as to operation and maintenance, one for land services, one for marine services and the other for aviation services, the amount of the item for land services being $25 million, roughly; the naval item being $1,200,000 and the item for air being $281,000. Does that separation into three items indicate a separation in organization? Does it mean that there are three separate units or is this merely an accounting figure? Will the minister say a word as to the organization of the three separate units and as to the degree of separateness or otherwise?

Mr. Garson: The facts are that the air service is a separate division, that the marine service is a separate division and the land services are separate divisions. Each does work peculiar to itself. For example, the marine service has revenue cutters to prevent smuggling and the like. But although for obvious administrative reasons they are set up separately, they all work together in the force. My hon. friend's second observation, that it is partly for accounting purposes that they are set up in this way, is correct.

Mr. Macdonnell (Greenwood): Just to pursue that one step further, I take it there will be a chief inspector and his other staff would deal with all three, and that it would only be on the lower level that the separation would come into effect. First of all, to what extent are they physically separated? I presume the naval people live on the seacoast.

Mr. Garson: Well, as I am sure my hon. friend will appreciate, it is impossible to have an air service, however small, without having some administrative officers that look after the air service as such. The same thing is true of the marine service. You must have men who are specially trained in running ships to operate that service. But the headquarters staff, including not only the highest officers, but most of the high officers are over and command all these services. In other words, the division between these services is not one that goes right to the top by any means. I should say as a layman that the services are subordinate and auxiliary to the police function of the whole force.

Mr. Macdonnell (Greenwood): That makes it clear in a general way. Let us take the marine service. Would there be a commanding officer? Would there be a naval headquarters on the east coast and on the west coast, with officers dealing on their own responsibility with things there, or would everything be controlled in Ottawa?

Mr. Garson: No. For example, on the east coast they have an officer in charge who has technical control of these marine operations; but as I was indicating a few moments ago, the highest rank that is in charge of any one of these is superintendent. The other higher ranks come over him. The marine service is not a big empire in itself. It is subsidiary and auxiliary to the Royal Canadian Mounted Police itself.

Mr. Blackmore: Just before the item carries, I am concerned about the fact that the force is not up to the desired strength. What steps is the minister taking to adjust that matter? It seems to me in times like these the force should be better than a little over normal strength.

Mr. Garson: I referred a few moments ago to the increases in salaries we had authorized, two separate increases of quite substantial proportions in the last two years. These increases in pay, coupled with a pretty active recruiting campaign, have resulted, for example, in an increase in the uniformed force from 3,650 in 1951 to 4,213 in 1952. That curve of increased enlistment is still continuing, and we have therefore every hope that within a period of time we shall be up to our authorized strength. As a matter of fact, at the present time, the whole Royal Canadian Mounted Police is only 8 per cent below authorized strength.

Mr. Blackmore: To what extent do the provincial governments rely upon the mounted police to do their policing? What supplementary provincial forces are there in the provinces? Can the minister tell us that?

Mr. Garson: Yes. I might reply to my hon. friend's questions in these terms. In eight of the provinces of Canada, that is, in all the provinces except Ontario and Quebec, the entire provincial responsibility for policing is carried out under contract by the Royal Canadian Mounted Police. In every one of those eight provinces there is just one police force, the Royal Canadian Mounted Police, which does all the federal work, for the federal government directly, and which under contract does all the law enforcement and administration of justice which is the constitutional responsibility of the provincial authorities.

In addition to that we do the work for a number of municipalities in the different provinces. In Prince Edward Island, 1; Nova Scotia 3; in New Brunswick, 8; in Manitoba, 18; in Saskatchewan, 27; in Alberta, 21; in British Columbia, 45, or a total of 123 municipalities, involving 451 members of the force, also under contract, for which substantial payments are made. These are the moneys the hon. member for St. John's West referred to as having come into the consolidated revenue fund from the provinces and the municipalities.

Mr. Blackmore: Does the municipality itself enter into a contract, or does it do that through the province?

Mr. Garson: Each contract is with each municipality separately. It is in most cases between the municipality represented as a rule by the mayor and secretary-treasurer, the province represented by the attorney general of the province, and myself representing the federal government. Each municipality has a contract which it renews periodically under which we look after the policing of that municipality.

Mr. Cardiff: Was it necessary to employ more personnel owing to the fact that we have been confronted with an increased amount of smuggling in the last year or two? Was it necessary to employ any more personnel, or was it taken care of by the staff already appointed?

Mr. Garson: No, it was not necessary to increase the personnel for the purpose to which the hon. gentleman has referred. What we did was to concentrate our anti-smuggling personnel in the force at various vulnerable points along the border at which there seemed to be a concentration of smuggling. In that way we were able to handle it without incurring any additional expense for personnel.

Mr. Blackmore: What is the basis of co-operation between Ontario and the federal government in respect to policing? Does Ontario have some assistance from Ottawa?

Mr. Garson: I think I am quite correct in saying that the most harmonious relationships exist between the Royal Canadian Mounted Police and the provincial forces of both Ontario and Quebec. They are mutually helpful at all times, but Ontario has its own police force and looks after all its own policing responsibility itself. So has Quebec. Other than this mutual help there is no connection between the two forces.

Mr. Fulton: Just to follow up the question asked by the hon. member immediately to my left about the smuggling, we have seen statements in the press from time to time that the volume is so extensive with respect to cigarettes that presumably—I think I have seen this statement—only a relatively small percentage can possibly be caught. Is that correct or does the department or the force feel that it has the necessary personnel and resources to deal with and trace down at least the large proportion of the present volume of cigarette smuggling?

Mr. Garson: That is a rather embarrassing question in the sense that it is hard for any force, no matter how competent it is, to make a positive statement that it has apprehended all smugglers, or a certain percentage of them. I think on the whole, measured in terms of seizures, prosecutions and the like, the force not only feels it has been quite successful in its anti-smuggling operations but has substantial grounds for so feeling.

Mr. Fulton: Is the minister going so far as to say he feels that the resources of the force are sufficient to enable them to deal with, perhaps I should say, well over half the actual volume of smuggling, or does he and the force feel that to deal with that percentage they would have to have considerably more resources?

Mr. Garson: I think the answer to my hon. friend's question is to be found in the statement I made a few moments ago, that we were able to deal with this smuggling with our existing personnel by concentrating at the points at which most of the smuggling was taking place. I am quite sure that if the high officers of the force had felt they needed more personnel for that purpose they would not have hesitated to detail them. If I may draw a parallel, when dealing with a heavy increase in its work the special branch did not hesitate at all to add substantially to its membership. Where the work was to be done they did not hesitate to increase their personnel. In dealing with this smuggling the force felt that their trained men properly distributed among the most vulnerable places could cope with the situation as well as any force could cope with it. There never was a police force in history that eliminated all crime. The most that any force can do is deal with an optimum percentage of crime. I think the percentage in this case has been gratifying to the force and that they have substantial grounds for their gratification.

Mr. Fulton: In order that we may have a background for this discussion, has the minister available, first, the number of cases in which smugglers were apprehended during the fiscal year 1951-52 as compared with 1950-51 and, second, the total number of

cigarettes which were seized in the last fiscal year as compared with the preceding fiscal year?

Mr. Garson: The commissioner tells me that the crime statistics for the past fiscal year are just being completed. For obvious reasons we have not made a practice of publishing the statistics or boasting about our accomplishments but I would be glad to see that this comparison is made available to my hon. friend as soon as we get the figures.

Mr. Blackmore: Who would be responsible for dealing with smuggling over the boundary between Ontario and the United States? Would that responsibility rest upon the mounted police or the Ontario police?

Mr. Garson: As my hon. friend knows, the Customs Act was passed by this parliament and therefore the prevention of smuggling is the responsibility of the federal police force. In provinces like Ontario and Quebec where they have provincial forces and a federal police force as well, the prevention of smuggling falls squarely upon the federal police force.

Mr. Blackmore: Are there any other branches of police work which are specifically a federal responsibility?

Mr. Garson: Another one would be narcotics.

Mr. Macdonnell (Greenwood): I should like to come back to this cigarette business. Now that the Minister of Finance is here perhaps he can give us some expert evidence on this matter. The minister said they were able to deal with this smuggling with the existing personnel. I do not want to fall into the error of accepting every rumour as though it was an authenticated fact, but there is a widespread belief, which I have never heard seriously questioned, that the smuggling of cigarettes was not on a retail basis, that it was on a completely wholesale plan. After discounting the stories one hears as to the ease with which smuggled cigarettes can be bought, the plight of the tobacco industry would seem to give a good deal of support to those stories. If I remember correctly, the minister said that if the force had felt they needed extra help they would have asked for it. I want to know whether in fact the force did state that they were satisfied with the situation. If they did, it would surprise and disturb me. I should like to know whether in fact they were asked and whether they did not say, "Well, we did the best we could with the men we had, but that is not to say we dealt with the problem." It may be very comforting to us to know that they did the best they could with the forces they had, but what I want to know is whether they felt that the problem was being dealt with. It is not only a question of money, it is a question of the observance of law. We know that once you begin to disregard one law it is easy to go on to another.

Mr. Garson: The commissioner has just handed me some preliminary figures which have just been taken off and which I think will illuminate this subject to some extent. The increases in cases in 1952 as compared with 1951 are of this order: Under federal statutes, which would include anti-smuggling, customs work and so on, 42·5 per cent—I am quite sure the hon. member for Greenwood will regard that as quite a substantial increase—Criminal Code cases 37 per cent; provincial and municipal cases, 46·8 per cent; an over-all increase of 42·9 per cent.

My hon. friend says he is disturbed over newspaper reports he has read, and because of the plight of the tobacco industry. That leads me to the conclusion—perhaps this is just an inference I am drawing, and if I am wrong I hope he will correct me—that it is his private opinion that the force should have made available a larger number of personnel for anti-smuggling work. I respect his opinion. But in a matter of this kind I naturally respect perhaps somewhat more the opinion of professional people engaged in police work.

Mr. Macdonnell (Greenwood): If I may interrupt, I think in a way that is a fair inference, but the minister does not need to infer because I asked a definite question whether in fact the force was satisfied and whether they had asked for any further assistance.

Mr. Garson: I was just coming to that. As I say, I would respect perhaps even more the views of professional men in police administration. I said before, and I repeat, no requests were made by the force for additional personnel for anti-smuggling work because it was thought, as I am informed, that the existing staff of highly trained men, if concentrated at the points at which most of the smuggling was taking place, would achieve what I might call an optimum law enforcement. It is impossible to get 100 per cent anti-smuggling enforcement. As a matter of fact no person knows what percentage the force does get because you do not know how many get through. Men who have been professionally engaged in this type of work for a long period of years can form what at best is only a professional opinion that they can get the optimum result by a certain method. In the present case it was their

view they could get that optimum result by concentrating their existing personnel, who would be trained and able people, and not by taking on people who were green at that particular type of work. That is what they did.

Maybe, as my hon. friend rather hints, that was a wrong decision. I myself would think it was a sound decision, and I would not be deterred from that view by any of the newspaper items upon this subject. We have placed in the hands of the two hon. members on the official opposition side of the house who have taken part in this debate the figures as to what was done in the way of seizures and so on. These figures show an over-all increase of 42·9 per cent. That is a very large percentage increase to take place in one year.

Mr. Macdonnell (Greenwood): These very figures seem to me to raise a serious question. If I understand the figures correctly, they show that the increase in cases in 1952 over 1951 with respect to federal statutes—and the minister said that was chiefly smuggling—was 42 per cent.

Mr. Garson: Yes.

Mr. Macdonnell (Greenwood): He said that the increase in Criminal Code cases was 37 per cent, and in provincial and municipal cases 46 per cent. If I read the figures aright, instead of finding there is a tremendous preponderance in the cases connected with smuggling, actually the increase there is not as big as in provincial and municipal cases. That would seem to me to cast doubt. I take it nobody doubts that there was any amount of material to work on there, yet the percentage is not as high.

Mr. Garson: I submit with great respect that the conclusions which my hon. friend is trying to draw from these figures are invalid.

Mr. Macdonnell (Greenwood): Just a simple seeker after truth.

Mr. Garson: As I am myself; but I do not think by that conclusion my hon. friend is catching up with it. I suggest that when you consider the great variety of traffic offences, government liquor control offences and all the other provincial and municipal offences, you cannot draw a comparison between those and these federal offences. The significant thing, however, is that the real comparison here is between federal offences which took place in 1951 and federal offences which took place in 1952. The federal offences with which the mounted police have to do are limited in number. They are mainly in the field of customs work and narcotics. Where you have an increase in one year of 42·8 per cent, approaching 50 per cent, in federal offences, I would say it indicates a very high degree of stepping up of activity.

Mr. Macdonnell (Greenwood): I would be impressed if it were not for these other figures and the fact that it is not going to be as high as in these other cases where there is no special reason to believe there was an additional amount of crime.

Mr. Garson: I suggest, as I have already suggested, that no conclusions can validly be drawn from a comparison of the increase in provincial and municipal offences on the one hand and the increase in federal offences on the other hand. Taking a rather absurd example, let us suppose that some of the municipalities for which we are acting take it into their heads to overhaul their traffic bylaws and are determined to prevent jaywalking and all kinds of traffic or parking offences. This could produce a great bulge in your statistics of municipal offences which would have no significance whatever for the purpose for which my hon. friend is trying to use it. Perhaps it would have been more judicious on my part if I had not stated the Criminal Code offences and the provincial and municipal offences at all, and had simply directed my hon. friend's attention to the increase in federal offences, because that is really what we are talking about.

Mr. Macdonnell (Greenwood): I appreciate the fact that the minister gave me the facts, although I would expect the Minister of Justice to always do that. However, I still find one argument he has made very unconvincing. He says there are all kinds of crimes that arise under municipal statutes, and no doubt there are; but he has not suggested, and I doubt if he can suggest, that there was any special event which happened which would tend to increase greatly the amount of crime in that category. At any rate, there was nothing comparable to what everyone I have talked to believes has been going on along the frontier in the matter of the smuggling of tobacco. Surely the minister will not tell me that was not an outstanding case of evasion of law; yet we have only a 42 per cent increase. I am sorry that the Minister of Public Works feels so badly.

Mr. Fournier (Hull): Excuse me. I always enjoy listening to the hon. member.

Mr. Cardiff: I do not want to get into a legal argument. I love to hear lawyers argue one way and the other, but when they are through most of us are no wiser. I should like to ask the minister a question from the standpoint of a layman. Does he not think the amount of smuggling that has taken place

across the border was due in part to the fact that the tobacco men reduced their acreage because they could not sell cigarettes?

Mr. Garson: I am afraid this is a field in which a mere lawyer, with all the talents that my hon. friend has ascribed to him, is not competent to express an opinion.

Item agreed to.

Land services—

424. Construction or acquisition of buildings, works, land and new equipment and to authorize commitments against future years in the amount of $500,000, $4,298,491.

Mr. Dinsdale: Did I understand the minister to say that it is the policy of the department to obtain permanent quarters for detachments as soon as possible when circumstances warrant?

Mr. Garson: Yes. What I said was that it is our policy to obtain quarters of that character as finances and materials permit.

Mr. Fulton: In the details in the estimates it appears that while last year authority was given for the expenditure of $4,061,199, the total expenditures to the end of the year amounted to only $2,015,000. In other words, not quite half the actual estimate was spent during the fiscal year. Why? Is there any reason to suppose the experience would be different this time? Is it not possible to reduce this item from the amount of $4,298,491 now asked?

Mr. Garson: From the standpoint of the minister responsible for the Royal Canadian Mounted Police, I would say we are anxious to have authority to build all the buildings we need, and that we desire to have them built if at all possible. It turns out that in some cases we are not able to have the work completed within a fiscal year and the grant has to lapse. I am sure, however, that upon reflection hon. members would agree that under those circumstances it is desirable to have the original authorization cover all that we wish to build, rather than less than we wish to build.

Mr. Ferguson: From the viewpoint of the Canadian citizen and our understanding of what the R.C.M.P. means to Canada, particularly in these days, no stone should be left unturned to give these men the best possible facilities by way of buildings so they can operate along the lines on which the people of Canada believe they should operate. Anything the government can do to lessen any handicaps in their work, which is so vital in these days, would be acceptable. It is necessary that the government should not spare dollars in doing everything possible to make the R.C.M.P. as efficient as it can be made.

Mr. Fulton: I am glad the hon. member has put into words what I have felt, but what perhaps I did not make clear when I spoke before. However, my question related to the experience of the last year and the anticipated experience this year. I wish to know whether there is any reason why we should be asked to authorize an estimate of $4,298,491. Have we any reason to suppose that the department will be able to spend that much this year, when last year they were able to spend in the fiscal year less than half the amount they sought? I appreciate the minister's desire to have authority to build those buildings considered necessary, but I want to know what basis there is for the assumption that the amount set out in the estimate this year will be spent, in the light of last year's experience.

Mr. Garson: The hon. member is addressing his question to the minister in charge of the Royal Canadian Mounted Police. That minister has asked for the full amount now appearing in the estimates, and that is the amount he wants to have spent. So far as this department is concerned we will do everything we can to see that it is spent. If it is not spent it will not be our fault, because these buildings are badly needed.

I agree with the hon. member for Simcoe North when he says that we should provide the best possible facilities for the force.

Mr. Ferguson: The minister says these expenditures are necessary. Surely the people of Canada want to have them made. No other minister should be able to hold up those expenditures, if the minister in charge of the mounted police thinks they are necessary. Is the minister in another department going to deprive the mounted police of the facilities that the Minister of Justice believes are necessary?

The minister is asking us to vote this amount of money. We want to know that the money will be spent, because the minister has said that the expenditures are absolutely necessary. I am sure my colleague the hon. member for Kamloops is concerned as to whether it will be spent. The minister says, "This is the amount we want", but he does not seem very sure that this is the amount which will be spent. This is the point made by the hon. member for Kamloops. It is a logical point, in which he asks that the minister in charge of the department should see that the money is spent when it is obtained, so the buildings may be erected. Surely the minister knows whether any other minister can stop the furnishing of that which he believes to be necessary.

Mr. Macdonnell (Greenwood): I am sure we are all greatly impressed by the desire of the Minister of Justice to spend money as fast as he can.

Mr. Fournier (Hull): That is not fair.

Mr. Macdonnell (Greenwood): He said he was anxious to spend it and I am giving him credit for it. But we want to know what expectation the minister has of getting the work done. We are all agreed it should be done. Last year for reasons which we have not yet been told, but which no doubt are valid, the amount was not spent. What we are asking is whether the Minister of Justice or his colleague the Minister of Public Works, who seems so restless at the moment, can give us some idea as to what work is going to be done. We do not want money spent just for the sake of spending it; we want money spent for the sake of getting results. I am sorry three of us have had to make this point; but it is important.

Mr. Garson: I do not think the conclusions my hon. friend draws from figures are always valid. I think the last conclusions he has drawn are invalid.

Mr. Fulton: I did not draw any conclusions.

Mr. Garson: What is my hon. friend's reasoning? He looks at page 474 of the estimates and sees that out of an authorized expenditure of something more than $4 million last year there was an actual expenditure of a lesser amount.

Mr. Fulton: Just half.

Mr. Garson: He immediately jumps to the conclusion that the amount we wish to have authorized this year is not going to be spent.

Mr. Fulton: I just asked a question; I did not jump to any conclusion.

Mr. Garson: I do not think there is any reason, in logic, for that conclusion. I have already said everything it is possible for me to say, and that is that this estimate has been brought down seriously, that the facilities are needed. We are not anxious to spend money for the sake of spending money in the way the hon. member for Greenwood has indicated, but we are anxious to have badly needed buildings, and the fact that the provision of those buildings involves legitimate expenditures of money is incidental. But when the hon. member says he wants me to give the House of Commons an assurance that the money is surely going to be spent, then I say he is asking me to launch out into the realm of prophecy. The spending of it will depend upon actions of people who are outside the control of our department—contractors who do the work, for example. It will depend upon whether they can get on with their work and complete it in time.

As to the suggestion that any other minister will stand in the way, I say there is no foundation for that at all. These estimates are brought down by the government. They are the government's estimates. They are serious estimates, and we are asking this committee to vote the money. We do not ask hon. members to vote estimates we do not intend to spend. But if, for example, some of the buildings are in northern locations where the frost comes early, and where there might be a freeze-up a month earlier than is normal, do hon. members expect the minister to underwrite that sort of thing by way of a prophecy, just in order to satisfy members of the opposition?

Mr. Fulton: The minister has said I am jumping to conclusions. I have not jumped to any conclusion. I asked him a simple and pertinent question.

Mr. Garson: Perhaps the hon. member was asking me to jump to conclusions, and I did not wish to do so.

Mr. Fulton: The minister has indicated that he was either unable or unwilling to spend more than half the amount which was actually appropriated in the estimates last year. Now, I said, what reason has the minister to suppose—this was my question and if he will think for a minute he will remember this was the way it was put—that this year he will be in a position to spend the total amount asked, because the amount asked this year is even more than he asked last year. That was the question I was seeking to have answered, and I do not think we have had it answered yet because the minister has not been able to give us any facts upon which an opinion can be based. Has the material situation improved, or have the contractors assured him they will be able to do the work this year? I shall ask the minister why it was not possible to spend this amount last year, and whether the situation which caused last year's position has changed?

Mr. Garson: Having regard to the fact that it is not our department that spends this money, I could not oblige the hon. member with the reasons. May I say with great respect that I wonder if we are not labouring a rather obvious point. I have had to do with the preparation of government estimates for some fifteen years now; and with our climate in this country I do not know of any government which authorizes public works items like these that is able in every year to spend all that has been voted by parliament. They all try, as we are doing here, to appropriate

what they want to spend. If there is a shortfall, there is a shortfall. It is rather routine business in most governments.

In some cases the grant lapses, and it is just voted again another year, but in other cases it may not lapse. There is no human being who can prophesy, at the time we are voting these estimates, for example, the weather conditions under which they may have to be spent. No person knowing the way in which these estimates are brought up ever says that we should attempt to prophesy—

Mr. Ferguson: Yes, they do.

Mr. Garson: No, they do not.

Mr. Ferguson: We are being asked here to vote a matter of $4 million. The minister who is the head of this department is no different from the head of a department in a private corporation, outside of the fact that he is spending the taxpayers' money. Apparently suggestions come to the ministers of this government, and when their estimates are being considered they walk in and ask for an amount of money. They try to put it through in spite of the endeavour of the opposition to find out what this money is for, and why the taxpayer is being called upon to cough up this amount of money to carry out the desire of somebody, not the minister. The minister is only the railroader of the grant.

Can you imagine the Steel Company of Canada making an addition to their plant at Hamilton, Ontario, and having the man in charge of production come before the board of directors requesting $2 million or $5 million and not being able to explain the purpose for which that money was to be used? We have just had an example of a minister talking about a total amount of $4 million and not being able to explain why $2 million, or about 50 per cent, was not spent. He says it was on account of climatic conditions. We have not heard from the minister that he has investigated this situation to such an extent that he could say that 50 per cent of the $4 million is going to be spent in Alaska or that it is not going to be spent in Alaska. He does not know where it is going to be spent. He has tried to indicate to us, the watchdogs of public funds, that climatic conditions or frost conditions prevented the expenditure. You would think that this country was snowbound from the United States border up to the north pole.

We are looking for an explanation as to why the money which was requested last year was not spent. We have not heard from the minister that it was because the Eskimos could not lay bricks. We have heard that you cannot tell about weather conditions. Just imagine such nonsense. Weather conditions may make it impossible to spend 50 per cent of the money being collected from the taxpayers. If the minister knew anything about why he was asking for this money, we would be fair and decent about the situation. If he could say that 50 per cent of the money about which I am asking is going to be spent in a part of Canada where climatic conditions may not permit $1 being spent, we would say, "Certainly you cannot prophesy about conditions there." We know as well or even better than he does that certain contractors will not even tender in the tough sections of the country.

Mr. Garson: Well, Mr. Chairman—

Mr. Ferguson: I let you speak without interruption, and now you let me speak. You may ask me all the questions you like when I have finished, and I shall give you intelligent answers. Here is a man asking us to pass an item which is only $4 million, but which may form part of the $700 million surplus which this government is requesting. I am sure every hon. member in this house must be dumbfounded to find a minister requesting this amount of money who knows so little about the reasons for the request. The only argument advanced in favour of giving him this money carte blanche is that weather conditions may prevent the spending of it. He does not say it is for this or for that.

As I said before, we do not wish to handicap this important department in any way; give them all they need without any restraint whatever, but when the minister asks us to pass an item and only mentions weather conditions during the four times he has been on his feet, then it is time to ask for further explanations. I know that I live in a cold but pleasant country. From the way the minister speaks, you would believe we are snowbound twelve months a year from the United States border to the northern part of the Northwest Territories. My colleagues want to know if the minister has the slightest idea why this money is necessary, and why the money that was voted last year was not utilized. The only argument he has given us so far—I would defy him to refute my statement—is that you cannot tell about weather conditions. Never in my life have I heard such weak nonsense from any minister who was trying to obtain money from the already overburdened taxpayers.

Mr. Garson: Mr. Chairman, after this impassioned oration—

Mr. Ferguson: It may be, but I hope it sank in.

Mr. Fournier (Maisonneuve-Rosemont): Don't take it too seriously.

Mr. Ferguson: That is the trouble, you don't.

Mr. Garson: The hon. member says he wants the details of these expenditures. It did not require a twenty-minute speech for him to get the details.

Mr. Ferguson: It did, from three different members.

Mr. Garson: I shall now give him the details which I forbore giving before because I did not think it was necessary to take up the time of the house to go into details of this sort. I hope he will listen carefully; and if he knows anything about Canadian geography, he will know that weather conditions at some of these places might have a great deal to do with whether this work could be completed before the construction season runs out.

Mr. Ferguson: I have been in every part of Canada, just as you have.

Mr. Garson: I admit that, and that is why the hon. member will understand this reference when I give it. I shall give the places where this construction will take place. The first is Fredericton, New Brunswick; there is no weather problem there.

Mr. Ferguson: That is not snowbound, either.

Mr. Fournier (Maisonneuve-Rosemont): No one is trying to stop you from talking.

Mr. Ferguson: If you will listen for a minute you might learn something.

Mr. Fournier (Maisonneuve-Rosemont): We know how much you know.

Mr. Ferguson: Outside of Quebec, you don't know anything.

Mr. Garson: May I suggest, Mr. Chairman, that interjections be reserved until we get this list on the record. The places are, Fredericton, New Brunswick; Long Island, Ontario; Rockcliffe, Ontario; Toronto, Ontario; Moose Factory, Ontario; Port Harrison, Quebec;—my hon. friend knows where that is; that is quite far north—Norway House, Manitoba; Regina, Saskatchewan; Stony Rapids, Saskatchewan; Cumberland House, Saskatchewan; Beaverlodge, Alberta; Vancouver, British Columbia; Eskimo Point, Northwest Territories. Perhaps the weather would have some effect there.

Mr. Ferguson: It would.

Mr. Garson: Fort McPherson, Northwest Territories. Would it have some effect up there? I think it would. Liard, Northwest Territories; Cambridge, Northwest Territories; Hay River, Northwest Territories; Aklavik, Northwest Territories. Perhaps the weather would have something to do with it up there.

Mr. Ferguson: It would.

Mr. Garson: Simpson, Northwest Territories; Arctic Red River, Northwest Territories; Whitehorse, Yukon Territory. Newfoundland: construction of detachment quarters all along the rock-bound coast around the whole of Newfoundland where the material has to be brought in by boat and where difficulties not so much of weather but in the matter of communications are encountered. That is the list of the locations. If my hon. friend's knowledge of Canadian geography is as great as he claims it to be—and I believe it is—I think he will agree that when you are talking about Aklavik and all these places I have mentioned here, in which the mounted police function as well as in the cities of Canada, the time of the fall freeze-up and the like would have a great deal indeed to do with whether you could get your money expended within the fiscal year.

Mr. Ferguson: Mr. Chairman, after going over the geography of Canada, may I ask how much of the amount of $4 million being asked is being expended in places that are affected by climatic conditions? Come on; give us the amount.

Mr. Garson: On these Newfoundland detachment headquarters all around the entire coast of Newfoundland, reached only by boat, on that one item alone there is over $1 million.

Mr. Ferguson: Out of the $4 million?

Mr. Garson: Yes; out of the $4 million.

Mr. Ferguson: Is that part of the country weather-bound any time during the 365 days of the year?

Mr. Garson: I suggest that my hon. friend ask his fellow member behind him not as to whether it is weather-bound by cold but as to whether there are not at these places problems of communication, freight shipment and the like, and of getting materials in to do the work.

Mr. Browne (St. John's West): Can the minister say where these headquarters are being constructed?

Mr. Garson: At places all around the coast of Newfoundland. I could give my hon. friend the details.

Mr. Browne (St. John's West): Will the minister give the names of the places?

Mr. Garson: Harbour Grace, Hawkes Bay, Ferryland, Glovertown, Harbour Breton,

Hampden, Burgeo, Baie Verte, Twillingate, Deer Lake, Stephenville Crossing, Clarenville, Stephenville, Whitbourne, Burin, St. Lawrence and Placentia.

Mr. Browne (St. John's West): Only two or three of those would be ice-bound during the winter and spring.

Mr. Garson: I am not suggesting that it is merely a question of being ice-bound. I am suggesting that by reason either of cold weather, as in Aklavik for example, or by reason of difficulties of communication, or of their being storm-bound at certain periods, or because of other difficulties which have to do with the ease of construction, when these buildings are to go up in an isolated locality it makes a great deal of difference as to whether we can get men in within a certain period of time, as compared with say Rockcliffe or Toronto.

When my hon. friend stops to reflect he will realize that when we are talking about the Royal Canadian Mounted Police detachment buildings being constructed at these isolated points, we are undertaking an entirely different type of construction problem from that which we would have in a large city. There is the problem not only of weather, but of getting skilled tradesmen out to an isolated area, away from the city where they are now in great demand. Having regard to all the problems which arise in connection with the construction of these buildings, I do not think that my hon. friends of the official opposition, who like to be fair—as a rule they are very fair—would want to question our statement that there is a difficult problem in getting this work completed at these places, and berate me because I cannot get up and honestly say to my fellow members: "I am sure that if you vote $4 million, it is all going to be spent come next January". I cannot do that. No honest man could.

Mr. Browne (St. John's West): I should like to say only this. I do not think the minister is quite right in saying there are special difficulties in most of these places. Most of the places he has mentioned are well known and are accessible at almost any time of the year.

Mr. Fulton: Places in Newfoundland, you mean?

Mr. Browne (St. John's West): It is places in Newfoundland that I am speaking about. I should say there is no special difficulty with regard to most of those places.

Item agreed to.

Pensions and other benefits—

430. Pensions to families of members of the mounted police who have lost their lives while on duty, as detailed in the estimates, $6,863.

Mr. Browne (St. John's West): I should like to ask the minister whether, when they took over the Newfoundland Rangers, the men received the pension rights under the Royal Canadian Mounted Police and whether their families can also benefit from the pension fund created for the families of the mounted police.

Mr. Garson: Yes, Mr. Chairman. When the Rangers were taken into the Royal Canadian Mounted Police their pension rights were protected, subject to their paying for their service in the other force; that is, in the Rangers force. That was done on the same basis as that upon which—

Mr. Browne (St. John's West): Was the basis the same as that on which the civil service of Newfoundland was taken in?

Mr. Garson: I cannot say whether it was the same as the civil service, but I know that it was the same basis as that upon which we took over the British Columbia provincial police. In taking over those provincial police forces we have to preserve, as regards pension rights, a parity between the various provincial forces. That is where the comparison is made. We applied to Newfoundland the same principle that we had previously applied to British Columbia.

Mr. Macdonnell (Greenwood): Under this item 430, at page 476 of the details I notice that the amounts are quite different. I should like to ask what is the principle on which the amounts are fixed?

Mr. Garson: The pensions are paid to families of members of the mounted police who have lost their lives while on duty, and the amount which is paid is half the pay to which the deceased mounted policeman was entitled.

Mr. Fulton: Have the increases been occasioned by the fact that he would now have been in receipt of more pay had he lived? Is that the occasion for the increase? I am not complaining about the increases, because they are all small. We should just like to know the basis of it; that is all. I suppose it is because salaries have increased in the meantime.

Mr. Garson: No. These are, in substantial part, old cases which have been carried on under this allowance when it was created. There was not always a provision in the statute for a pension of that sort, and prior to that provision being made there was a separate item in the estimates to take care

of it. These are a carryover, and the adjustment is as between their previous status and the new status under this new statute.

Item agreed to.

DEPARTMENT OF JUSTICE

173. Departmental administration, $338,505.

Mr. Fulton: Does the minister intend to make any general statement on introducing the estimates of his department? I would suggest that if he sees his way clear to do it, he might do so by a particular reference to two subjects: First, the way in which he proposes to deal with amendments to the Criminal Code; and second, the report of the royal commission on combines legislation. I make that suggestion for this reason. If we are to be told, as perhaps we are, that it is still intended to introduce the bill on the Criminal Code during this session, then it would suggest, at any rate, that we do not now pursue too closely any inquiries into the Criminal Code and that whole subject. In the same way if the minister can tell us what the proposal is with respect to the report of the committee on combines legislation, if we did ask questions at least they would be more pertinent to that question than if we just covered the whole field. Therefore I think it would be appreciated if the minister would make some sort of statement on at least these two subjects.

Mr. Garson: I do not know whether it has come to the attention of the hon. member, but a bill on the Criminal Code was introduced in the Senate and is being considered there now by a Senate committee. It will come back to this house in due course and be debated on second reading, and again in committee. Therefore I would be merely anticipating the debate which would have to take place in any case. Indeed I doubt very much whether I would be in order, debating at another time in the house a matter which is already under consideration, having regard especially to the fact that it was mentioned in the speech from the throne and therefore cannot be anticipated in a debate of this kind.

Mr. Fulton: I was really seeking information as to whether it is to be proceeded with at this session.

Mr. Garson: Oh, yes.

Mr. Fulton: There have been rumours to the contrary.

Mr. Garson: They are unfounded. Certainly so far as the Department of Justice and the government are concerned the intention is to proceed with the new Criminal Code at this session. It has been introduced in the Senate; it will be dealt with there, and it will come back here and be passed. A great deal of work has been done on it already. The work of the committee which prepared it extended over a period of three years. They did a really good job, and consequently we should not have much trouble with it.

With regard to the report of the MacQuarrie committee, that has been received and tabled. Only today the Prime Minister and I signed the resolution which is to go on the order paper leading up to the Combines Investigation Act amendment bill. This as a money bill. It will be introduced in the course of the next day or so, and will go through the ordinary routine.

I did not think there was any other part of the Department of Justice that required any introductory remarks by myself, with the possible exception of the penitentiaries. When we get to that item I might make a short statement reviewing the major developments of the last year, which might not be too apparent from a hasty reading of the annual report.

Item agreed to.

175. Administration of justice—miscellaneous expenditure, including expenses of litigated matters, $21,200.

Mr. Fulton: There is a matter on which I want the minister to comment. I am sure he will have read, and with a great deal of interest, the report of an address by General J. A. Clark, Q.C., of Vancouver, the president of the Canadian Bar Association, to the Alberta section of the bar association. The article dealing with appointments to the bench was reprinted starting on page 28 of the January issue of the *Canadian Bar Review*. General Clark makes a number of most interesting comments. It is late in the day to start a general debate on the matter if, indeed, such should be necessary. But the starting point of my approach to this would be the reference he makes to the resolution passed by the bar association in 1949, as follows:

> That the government of Canada be requested to consult with a committee consisting of the chief justice of the province and the chief justice of the trial division and representatives of the benchers of the law society in the province mentioned before making any appointment to the bench of that province.

As a starter I was going to ask the minister to make some reference to that resolution, and indeed to the whole matter of the article, because it is an important one. It is four minutes to six, and I do not know whether the minister feels that he could cover it in four minutes. I rather doubt it.

Mr. Garson: I do not really think one could cover it in four minutes. As my hon. friend indicates, this is a very important matter, one which is worthy of comment and upon which I would be most happy to make some comments, because while I agree with many of General Clark's observations I do not by any means agree with all of them, and I would very much like the opportunity to indicate the ones with which I do not agree.

Mr. Fulton: Could we call it six o'clock?

The Deputy Chairman: Is item 175 carried?

Mr. Fulton: No. The minister himself said he did not think he could cover it before six o'clock.

Mr. Garson: Let that item stand, and we can go on with the other items and come back to it.

Item stands.

The Deputy Chairman: Then item 175 stands. Is item 176 carried?

Mr. Macdonnell (Greenwood): No.

176. Administration, $165,216.

Mr. Macdonnell (Greenwood): I want to ask a question with regard to temporary assistance. The details appear on page 215 and show that the salaries for the permanent positions amount to $181,000 and for the temporary positions, $106,000. I would like a word as to that. We know it exists throughout the service. I should like to know the reason for that large percentage.

Mr. Garson: In the department we have two classes of employees. One class is the permanent and the other those who are temporary. I cannot at the moment give a specific definition of the two groups so as to define their characteristics, but I am right in saying that the words "temporary" and "permanent" do not possess in the context the dictionary meanings that we usually ascribe to these words.

Mr. Macdonnell (Greenwood): It is six o'clock. Perhaps when we meet again the minister will be able to let us know what the conditions of employment, salaries and pensions are vis-à-vis one another.

The Deputy Chairman: Shall I report the resolutions and ask leave to sit again?

Some hon. Members: Agreed.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): I am told by the Minister of Finance it was agreed with the leaders of the opposition parties that tomorrow we will have interim supply. Then we would continue with the estimates of justice, and then consider the estimates of resources and development and public works.

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

[The following items were passed in committee of supply]:

PRIVY COUNCIL

Privy council office—

315. General administration, $346,391.

Prime Minister's residence—

316. Maintenance and operation, $25,000.

General—

317. To provide for expenses of the royal commission on the South Saskatchewan irrigation and power project, $70,000.

Federal district commission—

318. To provide for maintenance and improvement of grounds adjoining government buildings at Ottawa, and to authorize an amount not exceeding $142,400 for construction, improvements, maintenance and operation of the parkway system under the control of the federal district commission which is additional to the sum of $300,000 granted by chapter 55, statutes of 1927, as amended, $433,794.

319. Expenses of the national capital planning committee, $45,000.

320. To authorize payment of the fifth instalment to a special account in the consolidated revenue fund, known as the national capital fund, established under vote No. 809, Appropriation Act, No. 4, 1947-48, $2,500,000.

169. Office of the secretary to the governor general, including the salary of the secretary to the governor general at $7,600 additional to salary authorized by chap. 182, R.S., 1927, $120,224.

170. To authorize and provide for the reimbursement to the lieutenant-governors of the provinces of Canada of the costs of travelling and hospitality incurred in the exercise of their duties up to a maximum per annum for each as follows: (a) where the population of the province at the last decennial census did not exceed 500,000, $5,000; (b) where the population of the province at the last decennial census exceeded 500,000, $5,000 plus $1,000 per each 100,000 or fraction of 100,000 of population over 500,000, but not exceeding $12,000 in any case, $86,000.

DEPARTMENT OF JUSTICE

A—Department—

173. Departmental administration, $338,505.

174. Remission service, including remuneration to members of the Royal Canadian Mounted Police, other police forces and members of social welfare organizations (to be expended under order in council, and not to exceed $4,400) for assistance to this service, and an amount of $13,830 to reimburse the Royal Canadian Mounted Police force the amounts disbursed by them in salary payment to their men on loan to this service, $122,501.

Royal Canadian Mounted Police—

422. General administration, $367,953.

Land services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—

423. Operation and maintenance, $25,210,272.

Supply—Royal Canadian Mounted Police

424. Construction or acquisition of buildings, works, land and new equipment and to authorize commitments against future years in the amount of $500,000, $4,298,491.

Marine services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—

425. Operation and maintenance, $1,222,248.

426. Construction or acquisition of new equipment and to authorize commitments against future years in the amount of $200,000, $409,000.

Aviation services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—

427. Operation and maintenance, $281,666.

428. Construction or acquisition of new equipment, $138,300.

429. Grant to the Chief Constables' Association of Canada, $500.

Pensions and other benefits—

430. Pensions to families of members of the mounted police who have lost their lives while on duty, as detailed in the estimates, $6,863.

431. Pension to Basil Burke Currie, $685.

432. Pension to Annie A. Greer, $254.

HOUSE OF COMMONS

Thursday, May 29, 1952

The house met at three o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

Seventh report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch.

HOUSING

REFERENCE OF ESTIMATES TO STANDING COMMITTEE ON BANKING AND COMMERCE

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, by leave of the house I move:

That votes Nos. 420, 421 and 557 of the main estimates 1952-53, be withdrawn from the committee of supply and referred to the standing committee on banking and commerce, saving always the powers of the committee of supply in relation to the voting of public moneys.

At the present time this committee is dealing with housing, and these are the three items in the estimates that cover housing.

Motion agreed to.

THE ROYAL ASSENT

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

Ottawa, 26th May, 1952

Sir:

I have the honour to inform you that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber on Thursday, the 29th May, at 6 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,

J. F. Delaute
Secretary to the Governor General
(Administrative)

AVIATION GASOLINE

ANNOUNCEMENT OF LIFTING OF RESTRICTIONS ON JUNE 3, 1952

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, the house will recall that on May 9 I made a statement regarding restrictions upon the consumption of aviation gasoline. This action was necessary because of decreased production in the United States brought about by a strike in the petroleum industry. I am very pleased to be able to announce that on June 3 the restrictions on the use of aviation gasoline in Canada will be lifted. This action is in line with that taken in the United States. The situation there has improved very materially with the reopening of refineries in that country and it is expected that within due time this situation will be reflected in increased supplies available to Canadian users.

QUESTIONS

BEEF AND PORK—PURCHASES FOR SHIPMENT TO ENGLAND

Mr. Wright:

1. What amounts of (a) beef; (b) pork, have been purchased to date for shipment to England under the new three-way arrangement?

2. From what companies have purchases been made?

3. What are the grades of beef and pork purchased, and the price paid for each such grade?

Mr. McCubbin:

1. (a) Beef, 11,164,064 pounds to May 23, 1952; (b) Pork, nil. Arrangements for shipment of pork have not yet been finalized. Shipments will be made from stocks now owned by agricultural prices support board.

2. Alberta Meat Company, Vancouver; Pacific Meat Company, Vancouver; Union Packing Company, Calgary; Calgary Packers, Calgary; Canada Packers Limited, Calgary; Burns and Company Ltd., Calgary; Swift Canadian Co. Ltd., Calgary; F. Hunniset, Ltd., Toronto.

3. Grades A, B, C, and D2 have been purchased to May 23. Prices for frozen beef, delivered Montreal for export are:

	Beef from Alberta per lb.	Beef from Ontario and Quebec per lb.
Grade A	...47·00 cents	48·60 cents
Grade B	...46·65 "	48·15 "
Grade C	...44·95 "	46·55 "
Grade D2	...38·85 "	40·45 "

MR. H. LOKKEN

Mr. Knowles:

1. Has Mr. H. Lokken (or Loken), at any time since January 1, 1948, been employed as a P.F.A.A. inspector or P.F.R.A. inspector in Saskatchewan? If so, between what dates was he employed?

2. Is he now employed at such work?

Questions

3. If he was or is so employed, what was or is his position?
4. For how many days in each year since he was first employed has he been paid (a) salary; (b) expenses?
5. What has been the total amount of (a) such salary; (b) such expenses, in each year he has been employed?
6. If he is now employed, what are his duties?

Mr. McCubbin:

1. Yes as a P.F.A.A. fieldman.
   1948, nil
   1949, Aug. 12 to Oct. 23
   1950, Sept. 19 to Dec. 5
   1951, Oct. 14 to Dec. 8
   1952, Jan. 16 to Feb. 6—Apr. 6 to May 15.
2. No.
3. Fieldman.
4.

	(a) Wages days	(b) Expenses days
1939	78	78
1940	93	93
1941	132	132
1942	141½	141½
1943	146	146
1944	136½	136½
1945	117	117
1946	103	103
1947	13	13
1948	nil	nil
1949	45½	45½
1950	46	46
1951	29	29
1952	25½	25½

5.

	(a) Wages	(b) Expenses
1939	$390.00	$ 471.62
1940	465.00	665.63
1941	660.00	930.50
1942	707.50	992.79
1943	730.00	887.41
1944	682.50	1,015.74
1945	691.00	1,128.44
1946	678.00	943.57
1947	91.00	141.63
1948	nil	nil
1949	318.50	505.27
1950	322.00	471.62
1951	232.00	379.58
1952	204.00	247.69

6. Nil.

ARMED FORCES—KOREA AND EUROPE—TERM OF ENLISTMENT

Mr. Pearkes:

1. What is the term of enlistment in the active army?
2. Are any exceptions made in respect to men volunteering for service in Korea?
3. What minimum of uncompleted service would be required for a man to be dispatched to Korea or Europe?
4. How long are men required to serve in Korea or Europe?

[Mr. Knowles.]

5. Are men returned from overseas service to Canada on completion of their term of enlistment, or must they remain overseas until the period required for overseas service is completed?

Mr. Campney:

1. Three years.
2. Men of the Canadian army active force who have served a tour of duty in Korea may obtain their release without completing their term of enrolment or re-engagement.
3. Four months.
4. Korea—One year plus or minus a month. Europe—Single men two years, married men one year, plus or minus a month.
5. Men serving overseas when their term of enrolment or re-engagement expires complete the tour of duty overseas.

QUESTION PASSED AS ORDER FOR RETURN

ANIMAL DISEASES RESEARCH LABORATORY, HULL, QUE.

Mr. White (Middlesex East):

1. In what year or years was the animal diseases research laboratory at Hull established?
2. How many parcels of land comprise the entire property?
3. What was the cost to the government of Canada of these above-mentioned properties?
4. What was the cost to the government of Canada of the buildings, fences and other installations excluding equipment within the buildings?
5. What was the cost to the government of Canada of all the equipment?
6. How many people are employed to staff and maintain the laboratory and farm?
7. What was the total amount of the payroll for the last fiscal year?

LABOUR CONDITIONS

VANCOUVER HOTEL, VANCOUVER, AND EMPRESS HOTEL, VICTORIA—THREATENED STRIKES

On the orders of the day:

Mr. Arthur Laing (Vancouver South): I should like to address a question to the Minister of Labour. Can he assure the house that every effort is being made to avert threatened strikes of hotel employees at the Vancouver hotel, Vancouver, B.C., and at the Empress hotel, Victoria, B.C.?

Hon. Milton F. Gregg (Minister of Labour): The hon. member advised me that he intended to ask a question in regard to the employees of the Vancouver hotel at Vancouver and the Empress hotel at Victoria. In answering I will deal first with the situation at the Empress hotel at Victoria. There is a dispute as to the terms of a new collective bargaining agreement between the employees and the management of the hotel. This hotel, being operated by a private corporation, is under the jurisdiction of the provincial

government of British Columbia and I am informed that the usual conciliation services have been extended by that government. However, I am also informed that the dispute still exists and the representatives of the employees have notified the hotel management that the services of the employees will be withdrawn at midnight on June 3.

In regard to the Vancouver hotel at Vancouver the situation is somewhat different in that this hotel comes under the jurisdiction of the federal authorities because of the nature of its ownership. Here too the negotiations between the union and the management have failed to bring about a settlement of the terms of a new contract. On the recommendation of my officers I appointed a conciliation board following the failure of direct negotiations. Two members of the board made a majority report and the third member made a minority report.

Representatives of the employees have notified me that the provisions of the majority report are acceptable to the employees. The representatives of the management have the matter under consideration. This morning I was advised by the national vice-president of the Canadian Brotherhood of Railway Employees and Other Transport Workers that the employees will withdraw their services from the Vancouver hotel at midnight, June 3, 1952. I have some hope that the parties may reach an agreement before the time set for the strike.

BRIDGES

BURLINGTON CANAL—REMOVAL OF WRECKAGE

On the orders of the day:

Mr. F. E. Lennard (Wentworth): I should like to address a question to the Minister of Public Works. What is the reason for the delay in removing the wreckage of the Burlington canal bridge?

Hon. Alphonse Fournier (Minister of Public Works): The question of the cause of delay in replacing the Burlington canal bridge recently wrecked is one that necessitated having to give consideration to the problem from two different angles, first the permanent replacement and second the temporary replacement. In this case the location of the temporary replacement, which undoubtedly will have a bearing on the permanent replacement, had to be given consideration. We had to contact interested parties such as the department of highways and the Hamilton harbour commission.

The question of the removal of the wrecked bridge is one that had to be given consideration from the standpoint of whether it was to be scrapped or an attempt made to put it back in its original location. This required considerable investigation of contractors' proposals with relation to both projects.

In connection with the removal we contacted all local qualified contractors and it was necessary to give considerable study to the method suggested and the price asked by each. It was only yesterday that we received a proposal from a contractor whose methods were considered satisfactory and whose price was materially below that of any of the other proposals. A start is to be made within a week and it is anticipated that the wreck will be removed in from three to four weeks. Plans and specifications are now ready covering a temporary pile trestle for which tenders will be called immediately and we will be in a position to proceed with construction thereof on completion of the removal of the wreckage.

STEEL

INQUIRY AS TO RELAXATION OF CONTROLS

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): I should like to direct a question to the Minister of Defence Production. In view of recent press reports that there is a good chance for the early relaxation of controls on steel perhaps the minister would care to make a statement.

Right Hon. C. D. Howe (Minister of Defence Production): The difficulty about making any statement with regard to the relaxation of controls on steel arises from the fact that there is a possibility of a strike occurring in the steel industry in the United States. Aside from that there has been some easing in the supply of reinforcing steel and the regulations in that regard have been relaxed for buildings using only a small amount of that type of steel. Controls must be maintained as long as we require substantial imports from the United States under the controlled materials plan. There is no way in which Canadian users can qualify for imports from the United States except through the Department of Defence Production.

Supplies of structural steel and heavy steel plate are still difficult, probably as difficult as at any time in the last two years. Therefore, there is not much hope of relaxing the regulations in that regard until Canadian production comes in during the fourth quarter of 1952. We hope that then the situation of shortage will be materially eased.

SUPPLY

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

INTERIM SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved:

That a sum not exceeding $263,348,439.58, being one-twelfth of the amount of each of the several items to be voted, as set forth in the main estimates for the fiscal year ending March 31, 1953, laid before the House of Commons at the present session of parliament; and in addition thereto, a sum not exceeding $960,833.33, being one-sixth of the amount of items 37 and 179, and a sum not exceeding $2,069,454.41, being one-twelfth of the amount of items 21, 24, 39, 229, 232, 234, 236, 237, 238, 241, 242, 448, of the said estimates be granted to Her Majesty on account of the fiscal year ending March 31, 1953.

He said: Mr. Chairman, the proposed bill, which is in the usual form, will provide $\frac{1}{12}$th of all the items which fall within the main estimates for the current fiscal year, and an additional $\frac{1}{6}$th of two special items in respect of which charges will come for payment in the early part of the year, notably freight assistance on feed grains from western Canada, and an additional $\frac{1}{12}$th of twelve special items to provide for services of a seasonal nature on which the heaviest payments fall due early in the year, such as branch experimental farms, quality premiums on hogs and various surveys in the Department of Mines and Technical Surveys.

The general proportion of $\frac{1}{12}$th for all services is intended to provide for all necessary ordinary requirements to the end of June. The additional proportions requested for certain special items are necessary owing to heavy seasonal expenses for certain services at this time of year. As I have indicated, the form of the bill is the same as the bill passed at this time last year and for previous years, except that section 5 has been amended to conform with the terms of the new Financial Administration Act which came into force some time ago.

The passing of this bill will not prejudice the rights and privileges of members to criticize and discuss any item in the estimates which will come up for consideration from time to time throughout the balance of the session, and the usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

Mr. Macdonnell (Greenwood): I have no questions to raise in regard to this usual request, except that I would ask the minister whether the collections of government revenues up to the present time give any indication, as they did a year ago, of a surplus which eventually proved to be quite large. A year ago, almost to this very day, I pointed out to the minister that at that time there was already an indication of a big surplus, and asked him whether he thought that was likely to give a guide for the year. I do not happen to have seen the figures for this year, so I would ask the minister if he could give them.

Mr. Abbott: No, I have not the figures. In point of fact, Mr. Chairman, I was discussing the matter the other day with my deputy minister. We proposed, at one time, to issue the figures for the first two months. There will be some change in the way in which the figures will be presented in this respect. Last year I found that there appeared to be considerable misinterpretation and misunderstanding of the actual results arising out of the fact that the larger charges come in for inclusion in the figures in the latter part of the year. It seemed to me that a more accurate picture would be given from month to month of the public accounts if some of these annual charges could be pro-rated throughout the year. I asked the controller of the treasury to look into that question to see if it could not properly be done.

I understand it is going to be done, and the first statement which comes out will reflect that suggestion. On the first question the hon. member asked me I am informed, although I have not seen the detailed figures, that as usual the first month of the year will show a surplus, since a large part of the payments which are made in that month are charged against the previous year.

Mr. Macdonnell (Greenwood): The minister, I take it, has not got these figures to give us at the moment?

Mr. Abbott: That is correct.

Mr. Macdonnell (Greenwood): I am interested in the warning which the minister gave us, and which we have heard before. With deference, I would say that last year he was proven to be very wide of the mark.

Mr. Knowles: We can also take it that, as usual, the various items provided in this bill, together with the items provided in the previous interim supply bill, do not in any case add up to twelve-twelfths?

Mr. Abbott: That is correct.

Mr. Graydon: Before the resolution carries I should like to take this opportunity, if I may, to raise a question which I raised previously, and perhaps to amplify it slightly. The last time no answer was given, but I have no doubt that inadvertently the minister overlooked it. The question concerns the government use of the services of so many of our smaller business people, in both agriculture and industry, for the purpose of collecting government taxes. I raised the question before, and I raise it again now, to give the minister an opportunity of explaining that

situation. I was not raising it in any critical way, but it has been concerning me and I think it has concerned a good many people that the government should be using so many people who can ill afford the expense to which they are put in the collection of government taxes.

I want to add to that another factor which has become more widespread than it used to be, because not only does the small fellow have to collect income taxes at the source for his two or three employees and keep an extra set of books in order to make accurate returns for the government, but in addition to that there is the question of sales taxes. In many instances the employer has to concern himself with these excise taxes as well as unemployment insurance, and it takes a great deal of attention and causes a good deal of expense. On top of that, the bureau of statistics has walked in on the little businessman all over the country. I am not suggesting we should not have the information, but I am wondering whether or not all of that expense should be borne by the little fellows across the country who are having a difficult time to make ends meet.

I do not know whether the minister has seen the questionnaire sent out by the bureau, and I suppose he cannot be expected to look over every publication of the government, but if he does look at one he will find it is very intricate and difficult to answer. The questions not only include particulars about his business, but sometimes seem to go too far with respect to the information requested. All of these things have to be done at the expense of the little fellow, and I am wondering whether or not it is actually becoming discriminatory so far as our taxpayers are concerned. I should like to ask the minister for an explanation of that, but as I say I have not been unduly critical of it.

Mr. Abbott: I apologize to the hon. member. He raised the question the other day and I had intended to answer it but I overlooked doing so. I take it he is referring to the obligation which is imposed on employers, for instance, to deduct taxes at the source and remit them to the Receiver General of Canada. The short answer to his question is, of course, that that is one of the obligations of citizenship. Our tax structure is progressive. The smaller businessman pays a smaller tax, whether he operates as an individual or whether he operates in corporate form. In the case of a corporation a small business, as we know, has a lower tax rate than the larger one.

If the businessman or other employer who is required to deduct and remit these taxes were to be compensated for that, we would have to impose additional taxes in order to pay that compensation. Those taxes would have to fall on him. Since the obligation is rather widespread throughout the country, I must say that I had never thought there was any real inequity in imposing what, as I say, seems to me to be an obligation of citizenship imposed upon those who are engaged in business undertaking. To the best of my recollection my hon. friend is the first one, since I have been the Minister of Finance, who has raised the question in the terms in which he has raised it. I have heard individual taxpayers, chiefly large corporations, complain about the expense they are put to in order to deduct taxes on wages at the source, to remit sales tax and so on. Admittedly that requirement does involve extra accounting and overhead charges; but as I have pointed out to all those who have complained, if we did not do that we would have to increase substantially our overhead charges ourselves and impose taxes to pay for them. On balance I think the system which is in force today, and which resembles that in force in other countries which have tax systems similar to ours, is a substantially fair one.

Mr. Graydon: I can understand the minister's point of view in that matter, but I think a halt must be called some time to the burden placed on people, particularly the little fellow in business, industry and agriculture. Year by year he is being loaded with further burdens. It is not only a question of collection of the income tax at the source but it also concerns other taxes and other reports, to the point that if you are going to be in business now—and nearly the same thing applies in agriculture—you have got to have some kind of accountant at your elbow in order to carry out the requirements and to meet the burdens that the government is imposing on you. I think a review should be made, either by the Department of Finance or by some other department, of the burdens which I have described and as to how they are actually affecting the little fellow across the country.

I am sure the government has not in mind discriminating in this matter. But on the other hand, unless somebody raises this question, this thing may go on to the point that it will become unbearable. I think now would be a good time for the government to call a halt on the burdens and the levies they are making in this way upon businesses generally, and to see whether or not some more simplified method can be found so that these

people will not find the burden quite so heavy, both in the matter of expense and in work.

It is all very well for us here to adopt a big, high-level attitude about taxation and such things. But on the other hand, if you are in a little store, or on a farm, you have not all the facilities which government departments have to make these reports. It is one thing for somebody in an office in Ottawa to figure out some nice report that is to be made by somebody several thousand miles away; but that somebody is going to find it rather difficult, sometimes, to make that report especially without some assistance. I think a halt should be called before further burdens are imposed. I think a review ought to be made of the burdens that are at present in existence.

Mr. Abbott: My hon. friend can rest assured that we are constantly looking for ways to simplify and to improve our methods. May I assure him also that I share his concern about the little fellow.

Mr. Fleming: Will the minister comment more specifically on that portion of the observations by the hon. member for Peel which related to the present activities of the dominion bureau of statistics which are increasing the obligations of many small businesses in the matter of making returns? We all regard the dominion bureau of statistics as a valuable governmental bureau; but in my experience, of late I have been receiving more complaints than previously about the multiplicity of returns which the bureau is requiring businesses to make. Does the minister care to comment specifically with regard to the matter?

Mr. Abbott: I am not too familiar with the detailed operations of the bureau of statistics. It may or may not be the case that they are asking for more returns than they need. My hon. friend is as fully aware as I am of the vital part that up-to-date and accurate statistics play in the conduct of modern business and modern government. The completion by businessmen and individuals of returns to the bureau of statistics is an obligation of citizenship such as that to which I referred in regard to tax deductions. I feel sure, however, that the remarks which he has made will be noted by the dominion statistician; I will see that they are brought to his attention. I am speaking broadly now, but I do not believe that the bureau of statistics is unreasonable with regard to the type of information which it asks for from the Canadian businessmen.

Mr. Knowles: While we are on this general item which provides for one-twelfth of all the estimates of all departments, there is a question which I should like briefly to put again to the Secretary of State for External Affairs. I note that he is still in his place and perhaps he might deal with my question if he is in a position to do so. It relates to the matter which I raised yesterday on the orders of the day, namely the declaration of martial law in South Korea by Syngman Rhee.

The Secretary of State for External Affairs said yesterday that he had received no official information and therefore felt that it was not proper for him to comment at that time. I am sure the Secretary of State for External Affairs knows why some of us are concerned about events there, and I am sure that he shares our concern. We all know that the United Nations went into Korea in support of the principle that there ought to be collective resistance to aggression. But happenings in South Korea do have a bearing on the morale of the nations involved in the Korean conflict, and it does seem that the principles of democracy are being rather flagrantly violated by Syngman Rhee.

As the minister indicated to me yesterday, there is a United Nations commission on the unification and rehabilitation of Korea which has made suggestions to the government there concerning democratic processes, but that is about as far as the minister's answer went yesterday. The matter is very much in the news. The reports from South Korea are exceedingly disturbing. I wonder if the Secretary of State for External Affairs has had, since yesterday, any further report on the basis of which he might make a statement or whether he would comment on what attitude Canada takes toward this matter, and what the United Nations is doing about it?

Mr. Abbott: Before my colleague answers, Mr. Chairman, I wonder whether I might raise this point? I am not sure whether or not it is in order, when we are in committee of supply, to discuss any question which may arise under the estimates. It may be that it is in order. I am not sufficiently expert in the rules to be sure whether it is or not. I have some doubts; but even if it is in order, I would hope that we do not embark upon general debate on interim supply. In my experience it has never been done when we are in committee. Some speeches have been made when the Speaker was in the chair, but not when we were in committee. I realize that we did not have to have a motion to go into committee of supply today; and for that reason I am not objecting to a reply being made by the Secretary of State for External Affairs to the question put by the

hon. member for Winnipeg North Centre. But there are, of course, opportunities to ask such questions either on the orders of the day or when the estimates of the Secretary of State for External Affairs are under discussion. In any case, I am just appealing to the committee to try to keep the general debate down as much as possible and perhaps more strictly in line with expenditures rather than to discuss general questions of international affairs.

Mr. Knowles: I was not trying to take undue advantage of what I think to be our right on this item to discuss almost anything; but the fact is that we are being asked to vote one-twelfth of the items of the Department of External Affairs.

Mr. Abbott: That is right.

Mr. Knowles: This is a question about which some of us are concerned. I had thought of repeating my question on the orders of the day today but since we were going into committee of supply, I thought it might be more suitable on both sides to ask it at this stage.

Mr. Abbott: That is all right.

Mr. Pearson: On this occasion I do not want to deal at any length with the point which has been raised by my hon. friend, which indeed he raised yesterday. The reason will, I am sure, commend itself to him. We have followed with interest and with concern the reports that have appeared about political developments in South Korea, because we have now a special concern with that part of the world.

But before making any statement on the matter I want to be quite sure—and I know the house would want me to be quite sure—that the reports in the press are accurate, in their essential particulars at least. Therefore we have been making inquiries through sources that are open to us—we have no diplomatic representative in Korea—and we hope to have a report on this matter shortly.

Press reports indicate, as hon. members know, that martial law has been declared in South Korea by the head of the government there, on the ground that communist activity in Pusan and in other places makes such a declaration desirable at this time. Hon. members also know that there is to be an election in Korea in July. The relationship between these two developments is not quite obvious at the moment, but there may be one. However, I would prefer not to say anything more about it until we get a more authoritative report than is before us now. The estimates of External Affairs will be before the house shortly and I may be in a position to make a longer statement on the subject at that time.

Mr. Macdonnell (Greenwood): I want to add a word to what was said by the hon. member for Eglinton. No one has a higher appreciation of the bureau of statistics than I have, and yet, there is a danger that people who are expert and keen in what they are doing may just like to go on and on. I know the Minister of Trade and Commerce is not oblivious of this, but I would like to feel also that perhaps the finance department is keeping an eye on these things, because unless they are strictly controlled they can go on and on to infinity.

Mr. Abbott: I can assure my hon. friend that his remarks will be brought to the attention of the bureau of statistics; but I can also assure him that the finance department uses the material made available by the bureau of statistics to a very great extent.

Resolution reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Robinson in the chair.

Mr. Abbott moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1953, the following sums be granted out of the consolidated revenue fund of Canada, namely:

1. The sum of $263,348,439.58, being one-twelfth of the amount of each of the items set forth in the main estimates for the fiscal year ending March 31, 1953;

2. The sum of $960,833.33, being one-sixth of the amount of items 37 and 179 of the said estimates; and

3. The sum of $2,069,454.41, being one-twelfth of the amount of items 21, 24, 39, 229, 232, 234, 236, 237, 238, 241, 242, 448, of the said estimates; as set forth in the resolution concurred in this day in the committee of supply.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 288, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st of March, 1953.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Robinson in the chair.

Sections 1 and 2 agreed to.

Interim Supply

On section 3—*$960,833.33 granted for 1952-53.*

Mr. Knowles: Clause 3 is the clause which includes schedule A. In schedule A we are voting an extra one-sixth of the amount provided for freight assistance on western feed grains. I note, however, that if and when we vote the full amount of item 37 in the estimates it will be some $9 million less than was voted in the previous fiscal year. I understand the reason that there was so much more voted in the previous fiscal year was that part of it was in the main estimates and then another part was in the supplementaries.

Mr. Abbott: That has always been the case.

Mr. Knowles: And that leads to my question. Can the minister say whether it is intended to provide additional funds for this purpose in the supplementary estimates this year?

Mr. Abbott: That matter has not yet been considered in cabinet. As my colleague, the Minister of Agriculture, indicated yesterday, the practice in previous years has been to include in the main supplementaries in June whatever amount was decided upon for the coming crop year, and I have no doubt that that course will be followed again this year.

Section agreed to.

On section 4—*$2,069,454.41 granted for 1952-53.*

Mr. Knowles: I have one question on clause 4. This clause relates to schedule B, and I would ask the minister to look at item 242 in that schedule. I admit to him quite frankly that my question is based on curiosity. I would like to know what is seasonal about item 242 that makes it necessary to vote an extra one-twelfth at this time. I would think that the weatherman's job is a year-round job and not just a seaonal one.

Mr. Abbott: Well, offhand that would seem to be logical. But, speaking from memory, the dominion observatory carries on various functions, which include the sending out of parties in connection with meteorological data. I can only say that I am relying upon the assurance given to me by the officers of my department who check the operations of these estimates that there are certain activities of this branch which are seasonal in character.

Mr. Fraser: Is this the time when they send out university students?

Mr. Abbott: My hon. friend may be quite right in that.

Mr. Pearkes: May I say a word regarding the dominion observatory or the astrophysical observatory located at Saanich. They have done extremely good work there during the past year, conducting a large number of student activities and lectures. The observatory is attended by thousands of people during the year, a great many of whom go out there during the summer months. Therefore I am not surprised that there is now a request for a somewhat larger amount of money at this time. I welcome this opportunity of giving some measure of praise for the work being done by that observatory. I believe they have discovered a large number of new stars in the past year.

Mr. Abbott: I am sure the officers of the department will be gratified to read the tribute paid by the hon. member.

Section agreed to.

Section 5 agreed to.

Schedules agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF JUSTICE

Hon. Stuart S. Garson (Minister of Justice): Mr. Chairman, the hon. member for Greenwood was asking some questions yesterday with regard to temporary employees of the Department of Justice. I have here some figures in relation to those employees.

The estimates provide for 44 temporaries, four of whom have been made permanent since the estimates were drawn up. Of the remaining 40, three are eligible for permanency and will likely be made permanent in due course. Eight are employed in the minister's office, and are not ordinarily eligible for permanent appointment. Eight are married women who after marriage remained on on a temporary basis, and are ineligible for permanency. Eight are not qualified for permanency because of a lack of the necessary service. Thirteen are not qualified for permanency because they have not qualified by examination.

I believe this accounts for all of them. The hon. member also raised the question as to the difference in their terms of employment. I am informed that these are the main differences:

Employees who are permanent are contributors under the Civil Service Superannuation Act, while the others whose terms of employment are on a temporary basis pay four per cent or five per cent of their salaries into the retirement fund. On leaving the

service members of the temporary class receive back the total of their contributions to this fund. Then, in the event of their later becoming permanent, the amount to their credit in the retirement fund is transferred, to make their pensions applicable as from the time at which they entered the temporary service.

The permanent employee, after ten years of service, may become eligible, depending upon the circumstances, to receive superannuation upon retirement. Incumbents of, for example, class 2 stenographers, temporary, or any other classified position, may be either temporary or permanent employees, and salaries and hours of work are identical in respect of both. The temporary employee, upon being certified in all other respects as permanent, has to pass the same health examination the permanent employees pass when they are appointed.

The Deputy Chairman: We will now proceed to item 175.

175. Administration of justice, miscellaneous expenditure, including expenses of litigated matters, $21,200.

Mr. Fulton: Yesterday, just before six o'clock, I made reference, under this item, to the matter of the appointment of judges, and particularly to an article by the president of the Canadian Bar Association which appeared at page 28 of the *Canadian Bar Review* for January of this year. It was agreed there was not time enough to embark upon a discussion last night. I should like now, therefore, to return to this subject, to make some observations, and to ask the minister if he would comment upon them and upon the article in general.

There is no cause to explain why members of the House of Commons, particularly those who are also members of the bar, should bring this matter up for discussion, particularly in the light of General Clark's very pertinent observations; because there is, as he points out and as I am sure the minister and most hon. members would agree, no matter of greater importance than to ensure that only men of the highest calibre should be appointed to positions on the bench.

I am not going to base my remarks in this connection solely upon accusations of improper practice by the present government. Indeed, if I were to do so I think the minister's answer would be to attempt to show that other governments have been as bad as this one—and probably he would say they have been worse. If the minister or anyone else were to make that answer, then my reply to him would be that two wrongs do not make a right. When we are discussing the maintenance of the independence of the judiciary, and the necessity for high standards of qualification by those who are appointed to the bench—qualifications which should be quite removed from any question of political affiliation—it would be no answer to a criticism on that score to say that the practice had prevailed in the past, and that the standard of requirements had been lowered by other governments. To do so would be but to admit that a bad practice does exist at the present time.

Without going further on this tack, I think it cannot be denied that the vast majority, indeed practically all of the judges appointed in recent years, and for many years back, have been lawyers who, at the time of their appointments, held the same political affiliations as the party in power. To this extent there is justification for the warning frequently sounded in the house by the hon. member for Lake Centre, that we must never allow the condition to develop wherein the chief consideration in the matter of qualification for appointment to the judiciary is that of political fitness rather than legal attainments.

In this regard the remarks of General Clark, as contained in the article to which I have referred, are of particular interest. Since he is president of the Canadian Bar Association, in addition to being a lawyer of great eminence, his remarks are entitled to the serious consideration of the house. I am going to take the liberty therefore of quoting quite extensively from his article, and particularly of emphasizing those points in it with which I agree. I should like to commence by reading a general statement of General Clark's to be found at page 30 of the *Canadian Bar Review*. It is as follows:

> The support given by the bar of this country to the bench is traditional. The example of the bar has been emulated by the people as a whole. British justice is something we treasure. The history of the administration of justice in British countries has been such that it is the common belief of the people that the highest interests of the country are dependent, perhaps more dependent on the judiciary than on any other institution in our democracy.

That is a statement of the position with which I am quite certain we all agree. It seems to me the very statement of that principle indicates the supreme importance which must be attached to this question of maintaining the independence of the judiciary. After referring to the resolution dealing with this subject passed by the Canadian Bar Association at its annual meeting in 1949, General Clark goes on to refer to the position of a former very great prime minister of this country and a very great lawyer, the late Lord Bennett. He points out that Lord Bennett himself had said that he found it extremely

difficult to follow the ideal that legal eminence and qualifications alone should be considered in making appointments to the bench. The late Mr. Bennett, as he then was, said that he deprecated the sort of political pressure that was sometimes applied with respect to this matter. After making that reference, the president of the bar association continues as follows, as reported on page 32 of this article:

> I believe that the present Prime Minister, now the association's honorary president, and the president, and the Minister of Justice are likewise deeply convinced that the welfare of Canada demands that men of the highest character, and endowed with the best brains that can be found in the profession, should be selected in making appointments to the bench. I am satisfied that no prime minister or minister of justice has ever looked with equanimity upon pressure from the political machine and upon public service as a proper justification for a person who is being entrusted with the power of life and death over the subject. I can conceive of nothing more subversive to the interests of the state than that pressure from those concerned with political expediency and party loyalty should be the determining factor in appointments to the bench. I say with the deepest conviction that politicians would not dare to intervene in the way they do if the bar of Canada assumed the role of leader of public opinion in this regard, and I am convinced that the prime minister and minister of justice, of whatever party may be in office, will readily subscribe to this principle if the bar acts with determination.

I have included the last sentence of that quotation particularly for the reason that, as I will point out in a moment, I feel there is a twofold responsibility in this matter, first, that of the government, and second, that of the bar itself. After making these general comments on the position in Canada and stating in effect what is indisputable, namely, that appointments to the bench in Canada have unfortunately in many cases been far from free from political considerations and implications, General Clark then goes on to refer to the situation in England. He has this to say:

> I have made personal inquiries regarding appointments to the bench in England. Some ten years ago a then English practitioner told me confidentially that he was giving serious consideration to a suggestion by the lord chancellor that he accept an appointment to the bench. He was wrestling with the offer because he wanted to continue in practice. I inquired why that should worry him, and he replied that it was a tradition at the bar of England that if a man was offered an appointment to the bench he accepted it and sacrificed the emoluments of practice. Since he had been a member of parliament on the opposite side of politics to the government of the day, I wondered why the lord chancellor would offer him an appointment.

I pause there to observe that that very comment of the president of the Canadian Bar Association, namely, "since he had been a member of parliament on the opposite side of politics to the government of the day, I wondered why the lord chancellor would offer him an appointment", indicates how in general the practice—and the impression that is gained with respect to the practice—in Canada concerning appointments to the bench differs widely from that in England. General Clark went on to say:

> He replied that political affiliations made no difference whatever in appointments to the bench and he went on to say that the lord chancellor kept close track of the qualifications of practising barristers and their suitability for judicial office; he could not recall an instance where an appointment could have been characterized as political.
>
> Last summer when I was in England I made further inquiries of a source that was thoroughly familiar with appointments since 1946. I was informed that the then lord chancellor, Lord Jowitt, had since 1946 appointed 70 per cent of the judges of England and only one of them had belonged to his own political party. The lord chancellor had been heard to say that nothing would cause him greater embarrassment than the appointment of members of his own party to the bench. I inquired what would occur if political pressure were brought to bear on behalf of a prospective appointee. The answer was that it would be ignored.

It is undeniable that the position in this country is vastly different from that in England where on the basis of this information a Labour lord chancellor, who had appointed 70 per cent of the judges of England, had appointed only one from the ranks of his own political party. The answer to that situation cannot be found in the statement that there are not very many lawyers in England of eminent qualifications who subscribe to the Labour party because the fact is there are many. It is a fact most significant and worthy of comment as illustrating the impartiality and the high standard followed in that country that only one out of all these appointments made by Lord Jowitt was that of an individual who belonged to his own political party.

Mr. Howe: Is that the kind of impartiality you are asking for in political appointments, where the government makes one from their own party and all others from the opposition?

Mr. Fulton: Of course that is the sort of political comment I might have expected the Minister of Trade and Commerce to make at this point.

Mr. Howe: You got it then.

Mr. Fulton: The point I am making, and which the minister obviously fails to appreciate, is that it speaks very highly of the system in England, and it certainly shows a degree of impartiality one would never expect from him or some others of his type in this government. In making these appointments only one was made from the membership of the party in power.

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

Mr. Fulton: Yes.

Mr. MacDougall: I am quite familiar with the quotations the hon. member for Kamloops has given with respect both to the situation that Lord Bennett found rather unpleasant—

Mr. Fulton: Is this a question or is the hon. member merely wanting to state something?

Mr. MacDougall: I am going to ask a question. I am also quite familiar—

Mr. Fulton: Perhaps the hon. member would not mind coming to his question.

Mr. MacDougall: I will come smack bang right to it. General Clark was a member of this house for three parliaments.

Mr. Fulton: I am sorry, I do not mind answering the hon. member's question but—

Mr. MacDougall: I am asking a question.

Mr. Fulton: —I wish the hon. member would come to his question.

Mr. MacDougall: My question is this: If the technique—

Mr. Hodgson: Not "if", ask your question.

Mr. MacDougall: —as suggested by General Clark was adopted would we be sure that, if the Liberal party was out of power and the Conservative party was in power, they would follow the principle adopted by Lord Jowitt?

Mr. Fulton: I was hoping that it would not be necessary to deal with too many questions of a political nature. If my hon. friend and others will restrain their impatience a little longer they will see that I am going to deal with the basis upon which selections to the bench should be made and which I think would be highly satisfactory to all parties. Therefore I shall put off answering my hon. friend's question until a little later because I think he will then find a satisfactory answer to the point which he has raised. But I can say this: I am confident that when the Conservative party is elected to power it will appoint lawyers to the bench only on the basis of their legal qualifications and fitness for the position in question. Whatever be the political party in whose ranks such men are to be found, the principle to be followed must be to appoint the man most qualified.

The inescapable implication of what is contained in this article and what we know from our observations is that unfortunately the desirable standards have not always been followed in this country. It seems to me that there are two considerations which we should keep in mind. First, the government should approach the problem of making appointments to the bench on an absolutely impartial basis and not have as their first consideration the political affiliation of the person to be appointed. I think that duty goes without saying.

The reasons for it, although they have always been urgent, are of extreme urgency at the present time in view of the fact that we have abolished appeals from the Supreme Court of Canada to the privy council. That fact is significant in many ways, perhaps the most significant being that the Supreme Court of Canada is now the final custodian of the constitution of Canada. As the minister knows, there are many divergent opinions as to the interpretation of the constitution, particularly sections 91 and 92. In view of the peculiar position of this country with different races, different languages and different minority interests, it would be nothing less than catastrophic if the decision of constitutional questions were to rest with judges whose appointment had been based on their political affiliations.

I hope no one will say that in the remarks I am making I am condemning the calibre of those who now constitute the courts of our country. I am simply making a statement of general principle. I think that the answer to that criticism, if it ever be made, will be found in what I shall have to say in just a few minutes. But I do want to point out that it was never more important to make certain that we maintain the independence and high calibre of those appointed to judicial office in this country. Not only is there a duty upon the government in this connection; there is also a duty upon the members of the bar which is the second consideration upon which I should like to hear the comments of the minister. I was particularly impressed by the statement of General Clark with reference to the attitude of members of the bar in England to this question, and I repeat one passage as follows:

> It was a tradition at the bar of England that if a man was offered an appointment to the bench he accepted it and sacrificed the emoluments of practice.

That tradition and duty apparently is accepted by the bar of England and I think it is incumbent upon our bar to ponder seriously accepting the same responsibility. I can appreciate the desire of the minister, in bringing into effect the recent salary increases, to remove some of the obstacles which might otherwise be felt by members of the bar to exist in connection with the acceptance of this type of appointment.

There is one other consideration which I think is important, that is, the duty of the government not only to be impartial with respect to these appointments but to maintain the independence of the judiciary after

the appointments have been made. I am not going to go into this question in any detail except to repeat what has been said before, something to which I fully subscribe. I think the minister and the government should avoid so far as possible—and I feel it should be possible to avoid it completely—the appointment of judges to commissions dealing with problems having a political implication.

I do not mean that you can divorce politics, that you can put them in a vacuum. I realize that many problems have political implications. However, I think the minister knows what I mean when I refer to problems having political implications. I refer to problems which by their very nature are subject to political controversy in the house and throughout the country. I am strongly of the opinion that the appointment of judges to commissions dealing with matters of that kind has a most unfortunate effect in lowering the esteem and regard in which our bench is held throughout the country.

There are just two thoughts to which I should like to refer in conclusion. May I refer first to the resolution of the bar association passed at Banff in 1949. I think it is here that the hon. member for Vancouver-Burrard will find an answer to his question. In that year the Canadian Bar Association passed this resolution:

> Whereas it is the desire of the profession that the best qualified members thereof be appointed to judicial positions,
>
> Therefore be it resolved that the government of Canada be requested to consult with a committee consisting of the chief justice of the province and the chief justice of the trial division and representatives of the benchers of the law society in the province mentioned before making any appointment to the bench for that province.

I should like to ask the minister to what extent that resolution has been followed in the appointments which have been made to the bench since the date of its adoption by the bar association. As I say, I think my hon. friend will find an answer to his question right there. I am urging that that recommendation be followed by the government in all appointments to the bench.

Of course it would be highly absurd for anyone to suggest that the only qualified lawyers for appointment to the bench would be those belonging to the opposition party, but the suggestion is just as absurd that the only lawyers qualified for appointment to the bench are members of the party in power. Surely the proper procedure to follow is to consult with those who are best able to know the qualifications of persons in the province in question, that is, members of the bench of the province and benchers of the law society. Then, having consulted with them, having taken their recommendations, let political considerations be left out of the picture entirely. I am not going so far as to say for a moment that any government should be criticized simply because it appoints to the bench a member who happens to support that government. To put the appointment beyond criticism, however, surely it is not too much to ask that before the appointment is made the opinion of those best qualified to know should be sought. This is not to suggest, either, that the government should abdicate its responsibilities in the matter. The responsibility for the final decision will rest just as squarely on the government under that system as it does now. All we are asking is that the government receive these recommendations and give consideration to them, rather than give greater weight, as appears to have been done sometimes in the past, to political considerations.

The other principal thought that I should like to leave with the committee and with the minister is this. Towards the conclusion of his article, General Clark said this, as found at page 34:

> What are the practical steps towards the objective I have outlined, that is the objective of appointment to the bench being entirely impartial? First and foremost is the creation of a tradition within the bar of Canada that it is the duty of the practitioner to accept judicial appointments when offered. Could such a tradition be created in Canada?

Mr. Lesage: How can you force an appointment on a man who does not want it?

Mr. Fulton: I am sorry that a man who is a lawyer himself should have so completely missed the point of my remarks. If he has, perhaps my remarks have not been expressed too clearly. If he has found my remarks difficult to follow, I suggest that he read the article by General Clark. No one is suggesting that anyone could be forced from without to accept an appointment. The whole point of the remark is that there should be a tradition in the bar of Canada which, of itself, would compel the person to whom it is offered to accept it. For the benefit of the hon. member who interrupted, I am going to read this passage again.

> First and foremost is the creation of a tradition within the bar of Canada that it is the duty of a practitioner to accept a judicial appointment if it is offered. Could such a tradition be created in Canada? I believe so. It exists in Great Britain. There, a man can refuse an offer once, but if he declines a second time it is my understanding that the appointment is not offered again and that he is left with the feeling that he has failed to recognize and live up to an important tradition.

Mr. Fournier (Hull): That tradition exists here too.

Mr. Harkness: It is a different kind of tradition, though.

Mr. Fulton: I recall that we in this house have heard the Minister of Justice speak of the difficulty he has had in persuading lawyers to accept appointments.

Mr. Croll: Not the third time or the second time.

Mr. Fulton: He was not speaking of the difficulty of persuading Conservative lawyers to accept an appointment either, or Liberal lawyers but lawyers in general. Out of the words of the Minister of Justice himself, the Minister of Public Works will get his answer. I believe that is one of the prime difficulties standing in the way of this matter of impartiality. I want to be fair in this matter, and it is for that reason I have been at pains to suggest that in my view there is a twofold responsibility. There is a responsibility resting upon the government to be impartial in their choice of appointments to the judiciary. Then, the bar, together with the bench, should be consulted and should assist in making it possible for impartiality to be shown and to enable the best man to be appointed by building up a tradition within its own ranks that appointment to the bench is not only an honour to the person appointed, but that acceptance of the offer is incumbent upon every member of the profession, because only by doing so can a lawyer really live up to the oath which he took at the time of his call of admission, the oath to maintain the best traditions of his profession and to preserve and further the interests of his country and of his monarch.

Mr. Hunter: There are a few remarks I should like to make in view of the very able address to which I have just listened by the hon. member for Kamloops. I think it was a very idealistic speech, and it is possible that, from a theoretical point of view, what he suggests would be quite desirable. However, I would suggest that his ideals do not conform entirely with the facts. While he has assured us he believes that his own party would make appointments from that point of view, I wonder if he can tell me how many Liberal magistrates have been appointed in Ontario since the Conservative party has been in power? If any have been appointed, it is beyond my knowledge, and possibly they did not know what his politics were.

I am not suggesting that what he has said would not be a desirable tradition, but I say it would not work. I am not suggesting that appointments by the Minister of Justice is the finest method that can be devised; obviously, mistakes could be made. But I know of no other system which would work in this country. I cannot conceive, for instance, of having appointments made or abetted by the law society of Upper Canada. I do not see how that gets rid of politics. The people who are benchers do not completely divorce themselves from politics because they are benchers. I have received many letters in the past from people who were running for office as benchers asking my support in their election.

Mr. Macdonnell (Greenwood): But not on the grounds of your politics.

Mr. Hunter: On the ground that they are running for office. I do not follow, either, why that would divorce the thing from politics. Similarly, I do not feel that the bar association is in a position to select or approve those candidates. I do not see that their knowledge is any greater than—I do not think it is as great as—that of the Minister of Justice. I was at that meeting where the resolution was passed. While it was passed unanimously, a very small percentage of the bar of Canada was in attendance. My recollection is that there were only about 25 in the room at the time the resolution was passed. I do not think it can be regarded as something that represented the inclinations or desires of every member of the profession.

What is happening in England is perhaps a very suitable system for England. I do not think that because something happens in England it necessarily happens here. They have other customs, other traditions, and this is not England. I am very fond of England, as I know many of the members here are, but I am much fonder of Canada. I think that Canada is a distinct country which will establish its own traditions. It has done so in the past and will continue to do so in the future. The only point I am trying to make, Mr. Chairman, is that while I would hesitate to criticize the hon. member for Kamloops for suggesting this idealistic measure, I do not think that as a matter of practice it would function in this country at all. I think it would be quite impractical. I do not think it would achieve what he hopes it would achieve.

My observation of the appointments that are made is that they are of a very high calibre. I do not know any judges who have been appointed since I have been here whom I would criticize in the sense that they did not have sufficient legal standing or that they were not competent to carry out their duties. From my knowledge of the minister, I

am quite sure that when future appointments are made they will be of the same high calibre.

Mr. Graydon: You might be one of them yourself.

Mr. Hunter: I am not suggesting that I should be one.

The point I am making is this. I think that the inherent defects, from a theoretical point of view, are more than compensated for by the fact that from a practical point of view the system has worked, that we have good judges, and that we have ended up with a high-calibre bench. While I like to listen to the suggestions of the hon. member for Kamloops on the subject, I believe that in practice they would not work.

Mr. Hodgson: Mr. Chairman, following up the remarks of the last speaker—

Mr. Croll: This is on the subject of judges.

Mr. Hodgson: Who are you to judge? The Good Book says: Judge not, that ye be not judged. Following up the remarks of the last speaker, who referred to magistrates and appointments in the province of Ontario, I should like to ask if he knows of one magistrate who went out when the Conservative government came into power following the Liberal government of Mr. Hepburn, when the whole province was loaded with Liberals? Not one of them was let out. They all held their jobs.

Mr. McIlraith: No; they did not.

Mr. Hodgson: I am not talking to you. Judge not, that ye be not judged. You look after your own Ottawa, redistribution and a lot of other things. I should like to ask the minister one question. Is he going to appoint Walter Thomson, of the late Liberal party in the province of Ontario, to a judgeship in Peterborough which he is looking for?

Mr. Fournier (Hull): What do you think?

Mr. Hodgson: Do not forget that I said, "the late Liberal party". He was talking about lawyers in the province of Ontario receiving judgeships. According to the last vote, if there is any lawyer in Ontario who is not mixed up with politics in connection with one party or another, there are not many left that are Liberal; at least, they do not admit it if they are.

The Deputy Chairman: Shall the item carry?

Some hon. Members: No.

Mr. Garson: Mr. Chairman, this matter is of such great importance that, before the item is passed, I think it is really essential that I should say something concerning it. I am indeed indebted to the hon. member for Kamloops for having raised the matter. I had previously read in the *Canadian Bar Review* the report of the address of General Clark to the Edmonton section of the Canadian Bar Association upon this subject.

Mr. Fulton: The Alberta section.

Mr. Garson: Knowing General Clark and respecting him as I do, I had hoped that I might have the opportunity of discussing with him the remarks which he had made before it might become necessary for me to reply publicly to them. Perhaps it is all for the best, however, that the hon. member for Kamloops has made necessary that reply today, because there is no gainsaying the truth of the passage which he quoted from General Clark's speech concerning the great importance of the judiciary in our democratic system of government. As one can see from the remarks of the last speaker, this is a topic which rather tempts some into political partisanship. The whole case of General Clark and of the hon. member for Kamloops is that political partisanship has played an inordinate part in the appointment of judges in this country. That being so, I want to do my very best today to treat of this partisan subject in a manner which will be as non-partisan as I can possibly make it.

The hon. member for Kamloops has made a selection of excerpts from the speech of General Clark which are excellent, as far as they go, but which if I may say so, are not quite a complete cross-section. I should like to deal not only with those which he has mentioned but also with certain others that I think are relevant to this matter, for General Clark's statement is one which deserves a serious reply; and perhaps as suitable an official as any to make that reply is myself.

General Clark's central thesis is that our system of judicial appointments in this country is unworthy; and he makes it quite clear that its unworthiness consists in that the recommendations of members of parliament belonging to the party in office are given far too great weight in the making of such appointments. In support of that thesis he cites certain facts, to which I shall refer as I go along, and the probative value of which I question. He supports the Canadian Bar Association resolution which the hon. member for Kamloops has just quoted, namely:

> Therefore be it resolved that the government of Canada be requested to consult with a committee consisting of the chief justice of the province and the chief justice of the trial division and representatives of the benchers of the law society in the province mentioned before making any appointment to the bench of that province.

The hon. member for Kamloops has pointed up this resolution by suggesting that not only should they be consulted but that their recommendation should be taken.

The first point that I make in that connection is that by section 96 of the British North America Act it is provided that, and I quote:

> The governor general shall appoint the judges of the superior, district, and county courts in each province . . .

Under the constitution that we have in this country the governor general always acts upon the advice of his responsible ministers, and these do not include the chief justices or law society benchers who, indeed, are occupied in discharging an entirely distinct function of government from the executive, namely, the judicial function.

The general trend of General Clark's speech is that the legal profession, acting through the law society in a manner which I think it may be fairly said that he does not too clearly delineate, should influence public opinion in this matter to devise a formula under which the control of the selection of judges would to a greater or lesser degree be influenced by if not vested in the chief justices and the benchers of the law society.

I take issue with General Clark and with the hon. member for Kamloops in this matter upon the ground that our constitution places the full responsibility for making appointments on the government, acting solely on the advice of its responsible ministers; and that this responsibility, in my view, should not be delegated or watered down by official and formal consultation with chief justices or representatives of the bar who, in this connection, constitutionally and politically, are not responsible to anyone.

In saying that, I do not intend to say or imply that we should not consult judges and members of the bar in connection with judicial appointments. As a matter of fact, ever since I have had the honour to be Minister of Justice I have continually consulted with individual members of the bars of the various provinces, with judges and, in certain cases, with chief justices concerning the suitability of such candidates as we had under consideration, just as I consult with members of parliament and with Canadian citizens generally who I think have something to contribute upon this same subject.

Mr. Fleming: Will the minister permit a question?

Mr. Garson: Yes, surely.

Mr. Fleming: With regard to the minister's reference to consultation with members of parliament, may I ask whether the minister has ever consulted, in connection with the matter which he is now discussing, any member of parliament other than a member of his own party?

Mr. Garson: With regard to the suitability of candidates, yes. Our purpose in consultation in the appointment of judges is to find out in a specific case whether, we will say, John Doe whose appointment we are considering is a good counsel; whether he is of good character; whether he is a good citizen; in a word, whether he possesses those qualifications which any judge should have; and I can assure my hon. friend that if he has been engaged in legal work in the courts, a lawyer who may belong to the Conservative party may be in the best position of all to appraise the legal ability of the candidate for judicial appointment.

I deprecate this contention that representations made by members of parliament in this connection should not be seriously considered. I think it is a sign of political immaturity, which is gradually disappearing, and at an increasing rate of late years, that the submission should be made that a person who has enjoyed the confidence of his fellow citizens to the extent that they have elected him to represent them in parliament should not be trusted to express a disinterested and intelligent opinion concerning the qualifications of other persons for judicial or other office.

In discussing these issues, let me admit at once—and in this respect I agree with General Clark, and with the hon. member for Kamloops, although I do not by any means go anything like as far as they do in that direction—that the present system of appointing our judges is not perfect. But I do contend that whether under Conservative governments or under Liberal governments our present system is very much better than any person hearing General Clark's speech, or listening to my hon. friend, the hon. member for Kamloops this afternoon, would ever think that it was.

Indeed, this very point can be inferred from a careful reading of General Clark's own statement. He refers, and quite properly, to the great prestige which the bench of Canada enjoys today. The hon. member for Kamloops likewise referred to that prestige. General Clark puts it this way.

> Were it not for the fact that our profession is composed largely of men of character, integrity and ability, it would have been impossible for the bench of Canada to have achieved that prestige

Now, sir, I grant at once—as a lawyer I have no difficulty in doing so—the character, the integrity and the ability of our profession. But I do suggest at the same time that if the method of judicial appointment in Canada

were as bad as General Clark and the hon. member for Kamloops think and say that it is, then it would be most unlikely indeed for the bench of Canada to have enjoyed its present prestige, even in the face of the great integrity, character and ability of our legal profession; for according to General Clark, and I think according to the hon. member for Kamloops, the appointments to the bench are not made upon the basis of character, integrity and ability but are determined largely by considerations, to use the language which was quoted this afternoon, of political expediency and party loyalty, which are the determining factors in the appointments to the bench.

General Clark, in a selection from his remarks that the hon. member for Kamloops chose not to quote, said that he had been a member of parliament himself and he knew the system well. Well, sir, I have been in public life for 25 years now, and during that time, in the dual capacity of a lawyer and a politician, I have made a few suggestions, not many, concerning the appointment of judges. I can honestly say that when I made those to the then minister of justice I thought and intended that I was making those recommendations and suggestions on the basis of merit. Some of them, I am sorry to say, were ignored. In other cases, the man whom I recommended was appointed, although I do not know whether it was on my recommendation. But in those cases in which the appointments were made, I do not know of a single instance in which the judge concerned did not give an excellent account of himself. Yet according to the thesis which has been developed this afternoon, I possessed excellent qualifications as a lawyer to make that recommendation, but as a politician my disqualification for making those recommendations would cancel out my qualification as a lawyer. That is the thesis we are asked to accept.

During the past three and a half years I have been in a position in which General Clark's alleged abuses, if they existed in fact, would have unavoidably come to my attention. I cannot agree, sir, for one moment that the impressions which General Clark formed as a member of parliament himself are accurate at the present time. In fact I know that his impressions are not accurate as of present conditions. Yet I applaud his good faith and the propriety of his making his speech; for these are matters which, in the public interest, should be discussed with the candour with which he has discussed them, and with which the hon. member for Kamloops has discussed them this afternoon, and with which I shall endeavour to discuss them.

General Clark referred, as did the hon. member for Kamloops, to the late Prime Minister Bennett's desire to make judicial appointments upon the basis of merit alone, and to the observation of Mr. Bennett's secretary, Mr. MacLean—and I quote:

> That while Mr. Bennett would like to make merit the chief consideration he had found instead that party, race, religion, occupation and geographic location of the nominee are more important than his qualifications. He (the Right Honourable Mr. Bennett) dislikes this deference to political sentiment, and he has said so repeatedly. Appointments made by the party for party reasons are anathema to him. He wants a man of integrity, of capacity, and if such a man happens to be a political enemy, that makes no difference.

My comment upon these idealistic observations is that if a comparison were made between the number of Liberals appointed during the period from 1930 to 1935 when the Bennett government was in power with the number of Conservatives appointed during the period 1935 to 1940 when the Liberal government was in power it will probably be found—I have not bothered to make such a count because I do not engage in invidious comparisons of that sort—that the percentage in each case was fairly uniform. I am rather inclined to think that it would favour the probity of our party, but maybe that is a bias on my part. It would be fairly uniform and would constitute perhaps the best available argument in support of General Clark's thesis.

Yet I suggest—and is this not the point—that it would be a very grave mistake indeed to suppose, because a Conservative government tends to appoint Conservative lawyers and a Liberal government Liberal lawyers to the bench, that such appointments are made in disregard of merit. To hear some professing democrats talk one would think that it was a great disgrace to be a member of parliament, a defeated candidate, or to be affiliated with any political party, or to take any part whatever in democratic government; and that he who did any of these things had to abandon all claim to integrity, to ability or to character. Everyone knows that that is not true. Yet from surprising sources we hear arguments which seem to be based mainly upon this premise—we heard one this afternoon.

So far as race, religion and geographical location are concerned, it is only too clear that we in Canada have always had to face, and we have to continue to face, the fact of race and the fact of religion and the fact of geographical location of at least five separate and distinct economic areas in this country with several mutually conflicting interests. Now, facing these facts, what are we going to do? Are we going to plunge

our heads in the sand, and attempt to ignore them? Of course not; we have to make our Canadian democratic system work in the face of them. And in this connection it seems to me quite idle to hold up to us the example of a more homogeneous society under totally different conditions in Great Britain. I must confess that as a Canadian I am sometimes a little impatient with these examples of the superior wisdom and capacity in Great Britain which we are urged to emulate. For, on the whole, I suggest, Mr. Chairman, that we Canadians have done not too badly at all, even when as in many cases we did not emulate these examples. Upon the whole the facts of race, religion and geographical location have been, under all governments in Canada, wisely and efficiently faced. This matter of judicial appointments is only one field in which they have been faced. They have been faced in many others. I would like to know in what countries in the world—no country excluded—problems of race and language and conflicting economic interests have been more efficiently and wisely faced, with less violence and bad feeling, and with more harmony and unity than right here in Canada. I am not drawing any invidious comparisons. I am rejecting invidious comparisons; and saying simply that, under all the circumstances, quite a good job has been done in Canada by all governments facing these facts.

But I think, if I might say so, that it is an error to mix up this quotation which has been used by General Clark, and again by the hon. member for Kamloops, concerning these racial, religious and economic facts of life in Canada, with the political appointment of judges.

Let us examine the appointment of judges and see the extent to which political expediency and party loyalty are, not just factors, but determining factors in making them.

I suggest that what has happened in Canada through the years is that the party in power in Canada has appointed to the bench men who, for the most part, were men of high character and ability, most, but not all, of whom were not active in public life.

The result has been, with few exceptions, the excellent bench to which the hon. member for Kamloops has referred this afternoon. Judges sometimes, of course—individual cases—have proved unsuitable. But I suggest that where this is found to be the case, in the great majority of instances it is not because they, before appointment, belonged to this political party or that political party, but because they developed after appointment characteristics which no one, except those who are habitually wise after the event, could have claimed they had before the appointment was made.

It is true, unfortunately, that in the appointment and conduct of human beings, whether as judges or as other office holders, there is always the unavoidable element of human fallibility and perversity; and there is in a small minority of cases a tendency of human beings when appointed to any position in which there is great security of tenure to act in a different manner from that in which they acted when they did not enjoy that security.

But I think in the interests of adding a little proportion to this picture which has been drawn by General Clark and by the hon. member for Kamloops, and in the interests of truth, I should point out that our party when in power is not in the position of having appointed to the bench no one but Liberals. Federal Liberal governments of this country have appointed men of such outstanding ability as Mr. Justice Locke, Mr. Justice Cartwright, and the late Mr. Justice Newcombe, all of the Supreme Court of Canada, who consider these constitutional questions which the hon. member for Kamloops says—and says correctly—are of such importance. Then, there is Chief Justice Williams of the court of queen's bench, Manitoba; associate chief Justice Tyndale of the superior court of Quebec; Judge Lord of the county court of Vancouver; and we have promoted outstanding judges such as Mr. Justice Montague of the court of appeals of Manitoba, Mr. Justice Keiller Mackay of the court of appeal of the province of Ontario. All these fine jurists, at that time in their lives when they were able to have political affiliations, so far as I know were not members of the Liberal party.

Mr. Lesage: And Mr. Justice Gagne?

Mr. Garson: Yes; and Mr. Justice Gagne of Quebec. I wish to assure my hon. friend, the hon. member for Kamloops, as well as General Clark himself who, I understand, is a Conservative in politics, that I am not mentioning these appointments by way of an invidious comparison, nor am I inviting a comparison; but simply in order to present a balanced picture to hon. members and to those to whose attention these remarks may come.

Mr. Fulton: Has the minister before him at the moment the figure showing the total number of judges appointed by this government during its tenure of office?

Mr. Garson: No, I have not.

Mr. Fulton: It would be interesting to have that figure.

Mr. Lesage: It is not a question of mathematics.

Mr. Garson: I should like to deal with certain of the specific points General Clark makes. He says:

> Men in public life, on the other hand, are subject to pressure from party organizers on this and other subjects.

Well, I am sure all of us are aware that men in public life are subject to pressure from a great many sources. If they have not the capacity for resisting pressure, then they should not assume positions of responsibility in public life. But I should like to put on record this assertion, that to imply, as General Clark has done, that pressure of party organizers has any important or even significant influence in the appointment of judges, is quite contrary to the facts, in my experience.

Mr. Fleming: The minister has referred to "party organizers". Would he amplify the statement for our understanding. Does he include all party forces?

Mr. Garson: I was coming to that point. The term "party organizers" was the one General Clark used. As a matter of fact, when I first read that article I stopped to think about his statement, and I could not recall a single occasion upon which a party organizer had ever spoken to me on this subject.

The hon. member for Eglinton has asked me to develop that point. It is true that I have been approached on a number of occasions by members of the House of Commons—and, on occasion, by members of more than one party—concerning appointments; and very properly so. There is no reason why I should not be approached concerning the appointment of judges. It is equally true that I have taken the initiative to consult members of the house on a number of occasions concerning the capabilities of men being considered for such appointments. In these cases in which I spoke to members, I did so because I thought they would be able to speak authoritatively concerning the qualifications of a candidate. But it will leave the wrong impression upon hon. members in the committee if I do not hasten to emphasize the fact that the great majority of those conversations were concerned primarily with the ability of the candidate in question to serve as a judge.

General Clark quotes for a Vancouver newspaper a report from Ottawa, as follows:

> Members of the House of Commons were astonished that a stranger was in line for a possible vacancy on the bench. They were also represented to have been dissatisfied with the appointment of a certain lawyer who had never been active in politics . . .

[Mr. Fulton.]

Presumably this concerns my actions as Minister of Justice—and that—

> . . . fears were increased because of recent non-political appointments in Ontario, where it was getting around that judicial appointments were being made in a strange way. A special caucus of members was called in consequence and the Minister of Justice was approached to find out what was going on.

The first point I make in that connection is that in a matter of this importance a newspaper article of the type referred to is not a very satisfactory source of information upon which to base a definitive article or speech. I have not seen the newspaper article in question, but in relation to General Clark's statement I think I should say that no special or other caucus of members has ever made any representations to me upon the subject of judicial appointments. There may have been such a caucus, but if so its existence has never come to my attention. Any conclusions of that caucus that may have come to me certainly never came from any member or group of members representing a caucus.

The fact is that the reference in General Clark's speech to this special caucus of members was the first and only time I knew that any person was alleging that such a caucus existed. I think, however, I can identify correctly the reference to my recommendation for appointment as a judge of a certain lawyer who had never been active in politics, and to whom General Clark, quoting this Vancouver newspaper report, apparently has referred in his speech. If I do identify this case correctly it is a very fair sample of the method of appointment of the Department of Justice.

In that case what happened was that I had recommendations from lawyers, judges, members of parliament and other citizens concerning three lawyers. I gathered that two of these lawyers had been active in politics and that the third man was not in a position to be active, and had not been. I considered all these representations and recommended the appointment of the third man, the non-active man, not because he had not taken any part in politics or because the other men had taken part but because of the three under consideration I thought the man who had not taken part was by long odds the best qualified for the appointment. In fact I was told quite pointedly that the members who had recommended the other two were quite displeased with this appointment, but so far as I know no one has ever suggested before or since that the man who was appointed was not eminently well qualified for the job or that he is not discharging his duties properly.

General Clark makes another point which concerns members of the house. He says:

> Is it not unthinkable then that members of parliament who are not lawyers should consider it their perquisite to select and recommend men who are to occupy these highest of high offices?

I must say from my experience that the implications of this question are exceedingly unfair and incorrect with regard to any members of parliament with whom I have had any contact. I have yet to meet a member of parliament who considered that it was his perquisite to select and recommend men who were to occupy judicial positions.

This is often the position in which a member is placed. Lawyers as a group are more than usually influential men in their community. Sometimes when they or their friends have rendered political favours to members of parliament they ask the members of parliament in turn to recommend them for judicial appointment. I would say it is very difficult in a case of that sort for the member to turn down the request. But my experience has been that where such a recommendation is made and I suspect the background of the recommendation, look the member in the eye and ask him point blank as to his opinion of the lawyer's competence and standing in the community, so far as I know I always get—I may be naïve and have been led astray—within the limits of the member's knowledge in the matter, accurate and candid answers.

Moreover, on a number of occasions members of parliament, animated so far as I can see by no other interest than to get the best possible judge to fill a judicial post which has opened up in their community, have come to me with recommendations made on the basis of merit only. How do I know they were on the basis of merit only? Because I checked them with members of the bench and with colleagues at the bar of the candidate and confirmed that what the member had told me was true. I would not suggest for a minute that political considerations are not sometimes a factor, but they are not, in any case which has come to my attention, a determining factor.

There have been—and I think this point was raised one time by the hon. member for Macleod, who is not here today—a number of men appointed to the bench who have had experience in public life. The number is not large but there are some. I want to say that I make no apologies for these appointments. I think the men who were so appointed were men of ability, integrity and character notwithstanding that they had taken part in public life, and I entirely agree with General Clark's contention, with which I am sure the hon. member for Kamloops would also agree, that public service can be and is an important qualification for appointment to the bench.

In support of this contention I should like to quote an opinion expressed in his autobiography by a highly qualified expert. This man was one—indeed I do not know offhand of any other—who achieved his pre-eminence not only as an advocate, and as a member of the British House of Commons, and as one of the greatest ministers of the crown who ever held office in the United Kingdom, but also as a great law lord. Lord Haldane says in his autobiography at page 69:

> I wish to record my strong conviction that, at all events, for a judge who is to sit in the supreme tribunals of the empire, and particularly in the privy council, a House of Commons training is a real advantage. One learns there the nuances of the constitution, and phases of individual and social political life which are invaluable in checking the danger of abstractness in mental outlook. I myself was peculiarly in need of such training, and I am thankful to have had twenty-five years of the great university of public life.
>
> The bar has its uses as a training for the House of Commons, but it is not really a good school. The outlook in the house is very different from the outlook in the courts. If less scientific about details, the House of Commons' mind is wider.

This will give some comfort to the laity here.

> I am not sure that a first-rate minister, although untrained as a lawyer, does not bring in a great legal bill better and more effectively than the best trained legal mind, unless that mind has, what is rare, the political gift by nature in a high degree.

Mr. Fulton: Why is the minister going to England for his precedent this time?

Mr. Garson: He goes on to say:

> The atmosphere is quite different. I remember once arguing a case in the court of appeal before Lord Esher and Lord Justice Rigby.
>
> Lord Justice Rigby, an old and valued friend of mine, had entered the House of Commons late in life. He never quite understood its ways, and was not appreciated to the extent which his sterling qualities of a non-political kind warranted. I was opening an appeal on the construction of an act of parliament, and I was arguing that the statute must be read as a whole in order to collect from within its four corners what I called the "mind" of the legislature in the controlling purpose which the sections indicated. "Mind of the legislature", cried out Lord Esher to me from the bench, "and you, Mr. Haldane, have been twenty years in the House of Commons and yet speak of it." "Yes," thundered out Lord Justice Rigby, "and the House of Commons is a place where if a man talks sense they call him a lawyer". Notwithstanding this, law and politics may go better together than some people think . . .

I should like to deal now with an important matter which has been touched upon by two preceding speakers and by General Clark. General Clark refers to the merits of the British system of judicial appointments when he says that it is a tradition at the bar of England that if a man

is offered an appointment to the bench he accepts it and sacrifices the emoluments of practice.

I admit that the hon. member for Kamloops was right in his statement this afternoon that sometimes when we ask lawyers in Canada to go on the bench we are told they cannot consider the acceptance of such an appointment. For example, in the case of a vacancy not so long ago we approached four lawyers who refused the judicial appointment before the one who accepted it.

Before we make any comparisons between the English and Canadian barristers in this regard however I think we should look a little beneath the surface at some of the relevant facts. For instance, when General Clark refers to cases where English barristers have thrown away incomes of $200,000 a year to accept a judicial appointment paying I believe $20,000, it sounds quite impressive until we recollect the difference of the net amount of income after income tax between $200,000 received at the bar and $20,000 received on the bench. On a mathematical basis, that difference is $180,000 a year, but after tax it amounts to only $7,500 per year.

Mr. Fulton: The minister will admit that that is a fairly recent development in England and General Clark's statement was not confined to recent years.

Mr. Garson: That is quite right, but I am speaking about the present situation, about the period in my own knowledge. In Canada the difference is not $7,500, it is $43,000. In both cases the example is that of a married man without dependents.

Mr. Macdonnell (Greenwood): Who is this mythical creature who earns $200,000 a year.

Mr. Garson: There are some barristers in England earning that.

Mr. Fleming: But not in Canada.

Mr. Garson: There may not be plenty in Canada, but there perhaps are a few. Having dealt with them in respect to this very matter I can say from direct knowledge that Canadian barristers are not any more mercenary in their attitude toward these appointments than are the English barristers. I would say that two-thirds of the appointments made to the high courts during my time have involved the lawyers accepting them in diminution in income.

Mr. Macdonnell (Greenwood): However true that may be, and I am glad to hear that it is true, would the minister not agree that we have not reached the stage which apparently they have reached in England, where it is regarded to be a matter of duty which is accepted by the best lawyers and where the minister would not run into such a case as he mentioned a moment ago where it was only the fifth man who took the appointment.

Mr. Garson: My hon. friend by his question has very astutely anticipated the point I was going to make. Take the typical case of a man—I have had this experience—who is quite philosophical about accepting a diminution in income. The hon. member for Greenwood will remember that I developed this point when I was urging an increase in the salaries of judges. Like Mr. Micawber, except it is not a penny in this case, if a man's irreducible obligations are of the order of $30,000 a year and he has an income at the bar of $32,000 a year, the price of his accepting an appointment to the bench would be bankruptcy. As a matter of arithmetic it would be bankruptcy. Notwithstanding what we are told about the British bar, I cannot believe that members of the British bar who might be in that position would take on bankruptcy any more readily than would members of the Canadian bar.

I have had cases where highly qualified counsel have said, "I am sorry I cannot bridge this gap now; I have obligations to meet. I think in the course of a few years I will be free of my present obligations and the minute I am free I shall be delighted to go on the bench if the government is prepared to consider my appointment at that time." In such cases I do not think the Canadian barristers need to take second place to the British barristers. We do not hear about cases in England where that happens.

A good deal of the criticism of Canadian judicial appointments seems to assume that the only reason why a number of eminent lawyers are still at the bar and not on the bench is that they have been passed over in favour of those with greater political influence. Whereas, for the reasons I have stated—this is particularly so in the larger cities—the fact is that there are quite a number of highly placed members of the bar who have been forced to refuse judicial appointments.

The tenor of my remarks is not that political influences are entirely absent but that they are definitely not of a dominating character and are brought to bear much less frequently and are of less potency than General Clark seems to think. Certainly we would welcome greater interest in this matter by the Canadian Bar Association or the bench or the bar of Canada, but that does not mean that we can abdicate in favour of any such

body our constitutional responsibility to appoint judges. Indeed I feel pretty certain that the great body of Canadian citizens would not want us to indulge in any such abdication.

That we must answer the criticism of professional opinion goes without saying, but the question in all these cases is whether the appointment of a lawyer whom we select is a better appointment than the appointment of other then available and willing members of the bar. On that basis I am prepared to defend any appointments I have recommended.

Mr. Fleming: I think a service has been done this afternoon by the hon. member for Kamloops in raising this question which has had extended discussion. I do not propose to labour the subject at any length, but I would not wish the impression created by the remarks of the Minister of Justice to pass without some observations of a corrective nature.

In the first place, if we heard only the remarks of the Minister of Justice this afternoon, it might be thought that the present system is completely satisfactory; not only that the system is satisfactory but that in all cases the appointments made to the bench by the government have been entirely satisfactory. If the Minister of Justice would not pitch his case quite so high, it might not be necessary for the members of the house to take issue with him.

In all fairness, the present system is not entirely without merit. On the other hand the present system, and the appointments that have been made, in many cases have had obvious weaknesses. On the whole, we in Canada have a good bench. On the whole, it is the kind of bench of which this country can be proud. On the other hand, Mr. Chairman, surely our aim in all these cases must be towards improvement and betterment at all times. I hope we are not going simply to be satisfied with the system that has been in vogue hitherto or the considerations that have determined judicial appointments hitherto. I think we should aim at a higher type of system, at a higher type of governing consideration, than has obtained in some of the appointments that have been made.

I wish to avoid generalizations in my remarks this afternoon, because the Minister of Justice has erred in indulging in too many generalizations.

The importance of a good bench, the importance of a bench that will command public respect, needs no comment. I should like to ask the minister, however, in the face of his admissions this afternoon that political considerations are a factor in appointments that are made to the bench, if he can defend the system that is in vogue now as being a perfect system or a system that is better than any that could be devised. If he pays tribute to the intelligence of Canadians or to the intelligence of those who sit in the House of Commons, then I am going to challenge us all to apply that intelligence towards devising a better system and towards improving the whole judicial system.

The minister has rejected the reference to the English practice. I wish to make this observation about it, and I do not say it in any sententious mood. The minister was not slow to tell us in the house a week ago, with some degree of gratification, of the allowance by the judicial committee of the privy council of an appeal which was taken on his instructions from the Supreme Court of Canada to judges who were appointed under the English judicial system. Let us not be carried away by these appeals to local sentiment or when the minister talks in the way he has this afternoon, as though this were an issue of patriotism. I think, Mr. Chairman, that every man who cherishes an institution in this country as important to the whole fabric of our life as is our judiciary, should be satisfied with nothing less than the highest system of judicial appointments.

There are difficulties about comparing the English system of judicial appointments with the system in Canada. In this country we do not have an official who corresponds precisely to the Lord Chancellor, in whose hands the judicial appointments largely lie. Under our system the Minister of Justice exercises some of the functions of the Lord Chancellor as well as some of the functions of the Attorney General. He is a blend of the two functions, and so far as one can observe in this case, no matter how earnestly the minister exercises some of the functions that are exercised in Great Britain by the Lord Chancellor, nevertheless the functions that devolve upon him on the political side seem to many people to weigh unduly in the decisions that are made. I am not selecting the present Minister of Justice as a conspicuous example in that respect. I believe this debate has been on a very high plane. We are talking about a system under which the political functions discharged by the Minister of Justice, whoever he may be, in past administrations, the present administration or succeeding administrations, are very difficult to divorce from those other functions which are discharged under the British system by the Lord Chancellor.

Much of the criticism that exists today—and I hope the Minister of Justice is aware that there is a good deal of criticism of the

system—unquestionably arises out of the fact that we have had a long period of government under one particular party. It has gone on now for something like seventeen years. When you see appointments being made, with a few conspicuous exceptions, drawn from the one political party that is represented in the government for seventeen years, then you can see the accumulated errors of the present system. When governments change every six or eight years you do not find the accumulated effect of all the errors of the present system so evident as you do in a case where the government holds office for a longer period of years. If the political appointments, as under the present administration, are predominantly of the political stripe represented by the government, then you have exposed to public view and criticism the inherent errors and shortcomings of the present system.

I wish to say this in all fairness, because it seems to me that the Minister of Justice did not fully apprehend or fairly state the position taken by my colleague the hon. member for Kamloops. So far as I am concerned personally, I wish to make it quite clear that I do not consider an individual who has been in the service of the people of Canada in the House of Commons, or in any other elective office, is thereby disqualified for appointment to the bench. I cannot make my view too plain in that respect. That is one side of the position. On the other hand I think we wish to see, in the case of appointments that are made, much more taken into account than simply the fact that an individual has served, even capably, as an elected representative of the people either in parliament or in some other elective office. It is a question in every case of the merit and quality of the individual. Mr. Chairman, service in the House of Commons or any of the legislatures or in some other public office is no substitute for merit for appointment to the bench.

I should like now to say a word about defeated candidates. This matter was touched on last year, and the minister referred to the remarks that were made on that occasion by the hon. member for Macleod. The fact that a man has stood for public office should certainly be no disqualification when the government considers his merit for appointment to the bench. But the impression has gone abroad that, in many appointments made by the present administration, the fact a particular individual was a defeated candidate for public office or had stood for public office under the political banner of the Liberal party has been a dominant factor in the decision made by the government. These are subjects that have to be weighed with a great deal of care. It seems to me that such a consideration as having supported the government of the day either in the House of Commons or in some other elected body, or having been a candidate for them at the polls, should not become the dominating consideration in making appointments. I suggest further that great care should be taken that there will be no suspicion or widespread feeling on the part of the public that these considerations have been predominant in the selection of men for appointment to the bench.

The Minister of Justice may defend what he has done, but he will not disabuse the minds of many of us in this committee or the minds of many people outside the chamber of the clear impression that these political considerations have, in many cases, largely decided appointments. The worst type of yielding to political consideration, it seems to me, is to be found in a situation which I think is fresh in the minds of many hon. members. There may be much to be said for the appointment of members of the house to the bench, if they are properly qualified; but it should not be made an occasion to put pressure on members of the house to yield anything of the independence that they ought to assert in the house. But what of a case where a member of the house resigns; where he is not appointed directly to the bench but, presumably knowing that he is going to be appointed, makes himself the campaign manager for the nominee of his party to succeed him at the by-election arising out of the vacancy created by his resignation? That is a situation which has arisen, Mr. Chairman; and I say that is the worst type of yielding to political considerations of which any government could be capable. Regardless of how popular or how well qualified the individual may have been, I say that the method followed in that case was inherently wrong; it cannot fail to bring the bench into that measure of disrespect and disrepute which is unthinkable in the minds of those who love and value democracy. Hon. members of the committee know quite well the case to which I refer. Such a thing should never be permitted to happen again.

Mr. Fulton: It was in the minister's own province.

Mr. Fleming: Yes. I wish to say one other thing, and I do this in the spirit of fairness. The minister has indicated that he has felt free, in times past, to consult the opinion of members of the house as to the fitness of those who were under consideration for appointment to the bench. I do not quarrel at all with that practice. I think there are many members of the house, particularly

those who are practising before the courts of their province, who are well qualified to advise the minister with respect to suggestions for appointment to the bench. However, in the minds of many in this committee and outside of it, I think there is more than a suspicion that the minister is either extremely selective in his choice of those whom he consults or that the area over which advice is sought is extremely narrow indeed. I say this in fairness to the minister: there is no reason that the minister should consult me. I am certainly not one of those who have ever been consulted. I do not know any member on this side of the chamber in the opposition who has ever been consulted. It would be interesting to know who they are, on what occasion, and the extent of the consultation of the Minister of Justice with them with regard to any appointment.

I said I did not intend to prolong this discussion. I think the discussion today has been on a high plane, and I hope it will have a useful effect. All I have said this afternoon has been said in the hope that it will contribute to correcting some of the impressions that might have been drawn from the minister's remarks this afternoon, where those remarks have erred seriously on the side of generalization and on the side of putting altogether too rosy a complexion on the considerations that enter into the selection made by the government of nominees to the bench.

The minister has ignored the fact that widespread criticism exists, and that the criticism is based upon more than suspicion. In view of the extent to which people who have been closely identified with the political life of his party have received judicial appointments, it is going to take more than the kind of statement the minister made this afternoon to answer the criticism that is being levelled from many sides today.

Mr. Macdonnell (Greenwood): Mr. Chairman, I do not see why this discussion should be all left to the lawyers. I therefore should like to add just a word or two. I have long believed that in a democracy there is nothing in the world more important than to have the judiciary on the highest possible level. In these days when human relations have become so infinitely more complicated and when strange philosophies that we never even dreamed of now turn up even among those whom we thought were normal human beings like ourselves, I feel that the position of the judges is more than ever important. I therefore associate myself with all that has been said as to the importance not merely of appointing good men but, if possible, of doing it on a basis for which there shall be no means of criticism.

It is perfectly obvious that one of the things which will attract good men to the bench is the fact that the bench is on a high level. That is one of the reasons they get the best men in England; there the bench has a status, a dignity and a prestige which attracts men. The thing works both ways. It has that status, dignity and prestige because the best men come; and the best men come because it has that status, dignity and prestige. It seems to me that we should work to that end here.

In fairness I want to say that I think we have a great many good men on the bench. Like the hon. member for Eglinton, I believe the minister became a little bit enthusiastic this afternoon in some of the things he said. Nevertheless, the administration of the law would not stand where it does unless we had a lot of good men.

There is just one other thing I want to say. It is a kind of legacy from a member who sat in the last parliament and whom we all liked and respected. I refer to Mr. John Hackett. He made a point that I want to repeat, because one so often hears the opposite view taken. I repeat it because I think he was right. He protested again and again against the practice of detailing judges for all kinds of non-judicial functions. He pointed out that when judges get into things where human passions are involved, where there are strong economic differences among men, and into matters which are not primarily legal, inevitably they incur criticism in the minds of certain sections of the community, and that this criticism tends to drag them down from that position of impartiality and detached consideration of matters that come before them which I think is of great importance. Therefore, as a kind of proxy for Mr. Hackett, I raise that point again, as I consider it to be one of great importance.

Mr. Noseworthy: Mr. Chairman, speaking in the interests of the layman, may I say there are one or two things that I think the minister should clear up. He has tried to assure us this afternoon that appointments to the bench are made on the basis of the individual's qualifications and ability, and that the appointee's political affiliation has not been a factor in the making of an appointment. It has been charged in the committee that during the sixteen or seventeen years the Liberal party has been in power, the appointments to the bench have been predominantly from Liberal supporters. Surely the minister can tell us just how many lawyers who were known supporters of other political parties have been appointed during those sixteen or seventeen years.

Surely there must be some good lawyers supporting other political parties, lawyers who have good qualifications for the bench. Inasmuch as in the last election fewer than 50 per cent of the voters in Canada were Liberals, I think we can assume that fewer than 50 per cent of the lawyers in Canada are Liberal. If that is a fair assumption, then one wonders how it is that there are not those in these other political parties who are qualified to fill these positions. That is the point I should like the minister to clear up for us. Name them.

Mr. Cote (Verdun-La Salle): He has not given any names this afternoon.

Mr. Brooks: Not very many.

Mr. Abbott: No Conservative government could give you any names.

Mr. Fleming: Before the item is carried I wish to refer to another matter, if the discussion on the subject of judicial appointments is concluded.

There is no provision in the Department of Justice Act at the present time requiring the department to make an annual report to the house. There are two annual reports which come to the house from the department. There is the one on the Royal Canadian Mounted Police, and there is the one that comes to us from the commissioner of penitentiaries; but unlike the statutory provision with respect to I think almost all the government departments, the Department of Justice Act, chapter 106 of the revised statutes of 1927, makes no provision whatever for an annual report to the house by the department. I think it would be helpful to the house, it would increase the knowledge of hon. members and would save the time of the house when we study the estimates of the department, if an annual report were rendered to the house by the department.

The department has today considerable areas of responsibility, governmental and legislative, which are not embraced within the scope of the two reports to which I have referred. They cover two important segments, it is true, but only two segments of the responsibilities of the department. I would urge that the Department of Justice Act be so amended as to require the rendering of an annual report by the department to the house. There are many good reasons for having such a report, and I can see no reason why there should not be one.

Mr. Garson: We would be glad to take my hon. friend's suggestion under consideration. In addition to the reports he named, there are other branches of the Department of Justice which make reports. Combines make a report, and the bankruptcy division makes a report. Did my hon. friend mention the mounted police?

Mr. Fleming: Yes.

Mr. Garson: There are four reports instead of the two he has mentioned, and they cover a very large area of the department. But we can take under consideration the advisability of having a report concerning the residue of the department, which will be smaller than the area which is covered by these reports which I have named.

Mr. Fulton: I rise to make no further reference or reply to the minister on the subject of judicial appointments, because I think a very useful and quite full debate has already taken place. I might just make this comment in passing. I was impressed by the readiness with which the minister, having dismissed for one purpose the tendency to look for examples of what goes on in England, refers to it gladly for another purpose when the example he quotes happens to conform to the argument he is at that moment advancing.

What I was going to ask the minister is with respect to the item, which I realize is small but nevertheless appears under this heading, of $3,000 for attendance at the judicial committee of the privy council. I observe it was not included last year, and I checked on last year's estimates and found that to be so, but it is included this year. I was not aware that there were any cases to be tried in the fiscal year now under review in which the government of Canada would have an interest. In any event it seems to me that, since the right of appeal to the privy council has been abolished, consideration should be given to amending or repealing that statute and taking that item from the estimates. Can the minister give us the position at the moment?

Mr. Garson: The position is that last year, notwithstanding the fact that the item was not included in the estimates, the chief justice did attend and did serve his time on the privy council. He went over this year, and the intention is that he should continue to go as long as there are appeals going from Canada to the privy council, but not after that.

The appeals will continue from Canada as long as there are cases which were current in some courts at the time the act abolishing the appeals was assented to in December, 1949. It is very difficult to forecast exactly when that will be, because it depends upon the rate of progress of the current cases through the courts. It may be some time before these current cases get to trial; and

after the judgment is given, if there is any delay in the appeal to the first trial court and then to the supreme court, and so on, these delays may extend the time when such current cases reach the privy council, but when the last of them shall have been considered by the privy council, this item will disappear.

Mr. Gillis: I should like to ask the minister a question. I do it now because there is no other place in the estimates I can do it. On many occasions the question was raised in the house of the minister taking under consideration the matter of enacting some legislation that would provide assistance for the lower income groups in the country who may become involved in lawsuits, to help them in carrying their cases to court. There has been a lot of discussion in the house. The minister remembers the discussions very well. That legislation exists in other countries. Because a large percentage of our people in the lower income groups cannot afford to go to the courts to get justice, some help should be given them. I thought we were making some progress there, because after a couple of discussions in the house I noticed that the bar association of Montreal had met and discussed the matter among themselves. They were going to set up some quasi-charitable institution among themselves to provide legal advice for those who were not in the position to pay for it. I notice that the bar associations of New Brunswick and Ontario have done the same thing. It looked to me then as if the legal profession were becoming alive to the necessity of this kind of thing. Perhaps they are a little bit afraid of legislation that would provide it by law.

I should like to know whether the department has been considering that matter and how far they have progressed towards some legislation.

Mr. Garson: Under the Canadian constitution the exclusive authority over the administration of justice is vested with the provinces. I believe that in many of the provinces, as my hon. friend has rightly indicated, consideration has been given to this problem, which I think I am right in saying in most of them has taken the form of an offer made by the bar association or the law society to make available a list of volunteers including many of their best counsel to act for people who otherwise would not be able to afford legal help. That is true in my own province, and I think it is true in many of the others. They have done that in much the same way surgeons do in the hospitals. Oftentimes the man who has no money can get a much better surgeon than if he had just a moderate amount of money.

As a lawyer myself, perhaps I am a little prejudiced. I would think that sort of assistance would probably be more satisfactory and more effective than if it were provided by the provincial governments. But if it proved not to be so, then there would be nothing to prevent the provincial governments making assistance of that kind available if they wished to do so. Of course in certain cases for many years they have made it available. For example, if a man is charged with murder in the criminal courts the provincial government always sees to it that a counsel is appointed to defend him if he has not been able to instruct one himself.

Mr. Gillis: I am not entirely satisfied with the minister's explanation. To begin with, this is not only a matter of administering the law. This is a matter of enabling a citizen who is not in a position to pay for legal services to obtain some assistance in the redress of a wrong. I know there are many warm-hearted lawyers who will take such a case, provided it does not entail too much expense.

I am always suspicious of these voluntary organizations which spring up when some service of this kind is asked for. I think one of the main reasons we do not have a health program in this country is that every time we talk about it some new hospital scheme springs up to confuse us. I may be suspicious but I have noted that in two or three provinces some action was taken by lawyers when it was pointed out pretty strongly in the House of Commons that some assistance should be given.

I do not agree with the minister when he says it is the duty of the province only to administer the law. It is not a matter of administering the law, but rather one of enabling many citizens to take advantage of the law which exists. I do not ever expect that we will have this service on a provincial basis. I believe some serious study must be given to the matter by the federal Department of Justice so the provinces may have the benefit of guidance.

About a year ago I came in contact with a case in connection with which, I am sure, I had the same experience other hon. members have had. This was the case of a woman who had been struck by a motorcar and as a result spent nine months in hospital. She had a good case against an insurance company. For some time a lawyer was acting for her, but he did not make any progress. The only advice he gave her was to accept what the insurance company had offered—and that amounted to almost nothing. They said that they would pay the hospital bill and the nurses, but this woman had been crippled.

I talked to a lawyer who is a good friend of mine, and he pointed out that the woman had no money, and that if she wished to obtain any redress the case would have to be taken to court. The lawyer was not in a position to do that without having some money. I took hold of the case and succeeded in having it straightened out and obtaining what I considered was a reasonable settlement for the woman. But this was done through the threat of taking the matter to court. So far as I was concerned, it would have to go to court.

That is only one case. All of us come in contact with cases of that kind from time to time. I believe there should be a national law under which when a person is aggrieved and there is no doubt as to how the law would operate if the case could be taken to court, his interests would be looked after. I believe cases of that kind should be covered by a federal statute so that people on low incomes—even below the tax exemption—would have some assistance through a fund. I do not believe lawyers should have to work for nothing. They have their living expenses, and they have offices to maintain. My point is that some fund should be available out of which reasonable expenses could be paid to a lawyer when he has a case placed before him which, in his opinion, requires redress in a court of law, but where the aggrieved person does not have the money to go to court.

I would ask the minister to study the matter and at some time make a statement to the house as to what the cost might be and how it might be worked out. We are not infringing upon provincial rights or upon any laws now existing. It is the sort of matter that could be determined by the Department of Justice so that justice would be available to every citizen in Canada, regardless of financial status.

Mr. Blackmore: I should like to associate myself with what has been said by the hon. member who has just taken his seat. I believe that through co-operation between federal and provincial authorities there could be at suitable centres men appointed who would act in a manner somewhat similar to pensions advocates. It would be the duty of such persons to see to it that people with cases to place before the courts might be able to do so, without being confronted with heavy expenses.

Item agreed to.

180. Combines investigation branch, $261,055.

Mr. Fleming: I presume there will be some discussion on this item. As we are now expecting royal assent, and as our time is somewhat limited, I suggest the committee might rise and report progress.

The Chairman: We are expecting a message from the Senate. Perhaps this item could stand, and we might proceed to the next one. We are expecting the Gentleman Usher of the Black Rod momentarily.

Item stands.

181. Bankruptcy Act administration, $42,219.

Mr. Fleming: Would the minister make a statement as to the revision of the statutes, and when it is expected that copies of the new revised statutes will be available.

Mr. Garson: I have here a letter from Chief Justice Rinfret, chairman of the statute revision commission, under date of May 23, 1952, only a few days ago. It is addressed to the Prime Minister, and reads as follows:

As chairman of the statute revision commission I feel that I should at this stage submit to you a report on the progress of the work.

We have reached a point now where all the material in both English and French versions has been consolidated, and, for the most part, set in type.

All the English material is set in type and has been revised by the commission in accordance with the authority conferred by the statute revision act. Final check proofs of the statutes in English are now being drawn and it is hoped that within a month or so all final copy for the English version will be in the hands of the printer.

The French version has also been completely consolidated and almost the entire French version is now set in type. The commission has engaged the translation bureau to revise the French version, and the bureau has now completed a little more than half the revision.

The statutes enacted at the current session of parliament cannot be included in the revision because we must now submit final copy to the printer. However, last year authority was obtained from parliament to issue a supplementary volume—

Members will recall that.

—and it is proposed to prepare, after the conclusion of the current session, a supplementary volume which will reflect the statutes passed at this session of parliament in terms of the new revised statutes so that when the new revised statutes are issued they will contain the complete and correct statute law as of that moment.

Early this year plans were made to have the revised statutes appear on the 1st January, 1953. We are, however, informed by the printer that at the current rate of progress, and having regard to the amount of other printing required, it will not be possible to bring the statutes out on that date and we should therefore contemplate the possibility that it may be some months after the 1st January, 1953, before the new statutes can appear. The printing task is, of course, an enormous one. Each version will run to nearly six thousand pages and in addition there will be tables, indexes and the proposed supplementary volume.

In addition, there will be tables, indexes and a proposed supplementary volume.

Mr. Fleming: What is the date of that report?

Mr. Garson: May 23, 1952; just a few days ago.

Mr. Fleming: I do not think any of us is likely to underestimate the immensity of the task, even from this point forward. One can only express the hope that if anything can possibly be done to bring the statutes into effect as of a convenient date such as the first day of a new year, it will be done.

My other question has reference to the honoraria paid to members of the Criminal Code revision commission. There is an item of $25,000 for this purpose. Will the minister indicate how that is to be distributed and what have been the honoraria paid to date? What will the total amount to by the time the task is completed?

Mr. Garson: My information is that the amount that will be paid to those engaged will be roughly in proportion to the work they have done, with a ceiling of $7,500 to any one person for three years work.

Item agreed to.

Progress reported.

THE ROYAL ASSENT

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

Mr. Speaker, the Right Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

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

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of Shirley Doreen Rowe.

An act for the relief of Dorothy Minnie Hogbin Neale.

An act for the relief of Dorothy Ailsie Jean Coghlin Hands.

An act for the relief of John Hellmann.

An act for the relief of Myrtle Jesse Marie Gangin dit Gilmore Cooney.

An act for the relief of Hilda Richardson Tait.

An act for the relief of Catherine Vaughan Troy Campbell.

An act for the relief of Mary Margaret Graham.

An act for the relief of Bernice Pomp Gates, otherwise known as Bernice Frank Gates.

An act for the relief of Mary Mildred Antoinette Castonguay Smithson.

An act for the relief of Alma Dorothy Lines Robertson.

An act for the relief of Erita Ethel Elliott Morris.

An act for the relief of Phyllis Joan Cross Cohen, otherwise known as Phyllis Joan Cross Grosvenor.

An act for the relief of John Gavigan.

An act for the relief of Elsie Alexandria Thompson Parr.

The Royal Assent

An act for the relief of Frances Bailey Hershbain, otherwise known as Frances Bailey Berman.

An act for the relief of Cosmo Iellamo.

An act for the relief of Joan Mary Hoerner Rawley.

An act for the relief of Jennie Harris Klaiman.

An act for the relief of Dorothy Gertrude French Gorrell.

An act for the relief of Cecile Emilie Viger Ross.

An act for the relief of Edna Gibson Smith Schiller.

An act for the relief of Lillian May Holloway O'Brien.

An act for the relief of Kathleen Marjorie Hastings Hawkins.

An act for the relief of Jean Marie Weeks Opzoomer.

An act for the relief of Doris Abbott Watts.

An act for the relief of Hyman Krull.

An act for the relief of Margaret Elizabeth Strange Colton.

An act for the relief of Irene Britton Lynn.

An act for the relief of Grace Catherine Piche Lovegrove.

An act for the relief of Bruce Edward Steggles.

An act for the relief of Alexander Malcolm Dick.

An act for the relief of Pauline Augusta McCaskill Foulis.

An act for the relief of Hilda Avrith Grossman.

An act for the relief of Sarah Grossman Grotsky.

An act for the relief of Rose Dorothy Weatherbee Stopps.

An act for the relief of Nancy Jean Tolmie Dawson.

An act for the relief of Misha Paunovic.

An act for the relief of Eva Ena Guenard Brassard.

An act for the relief of Helen Maude Walmesley Cherry.

An act for the relief of Margaret Ann Greenaway Worrell.

An act for the relief of Isabel Welch Remillard.

An act for the relief of Eileen Shirley Guttman Fagen.

An act for the relief of Helen Myrtle Woods Poullos.

An act for the relief of Karl Gunnar Tammi.

An act for the relief of Peter Nicol Crowe.

An act for the relief of Fred Jenne Fyles.

An act for the relief of Louisa Crawford Gordon-smith.

An act for the relief of Rhoda Hayes Goulet.

An act for the relief of Malfice Ciccone Nadeau.

An act for the relief of Mary Rita Estella Brennan Henderson.

An act for the relief of Florence Edith Holland Clarke.

An act for the relief of Olga Pretula McGonnigal.

An act for the relief of Andre Roy.

An act for the relief of Libertia Vinivar McClusky Rutherford.

An act for the relief of Therese Michel Paquette.

An act for the relief of Alice Courey Salhany.

An act for the relief of Vivian Clement Mole.

An act for the relief of Olga Katchan Parisella.

An act for the relief of Frederick Ernest Marlow.

An act for the relief of Frederick James Perkins.

An act for the relief of Roger Lessard.

An act for the relief of Phyllis Muriel Skelcher MacDonald.

An act for the relief of Audrey Jessie Elizabeth Kinnear Park.

An act for the relief of Alfred Ernest Farebrother.

An act for the relief of Herve Brunelle.

An act for the relief of Jean Frew Hawkins.

An act for the relief of Lucy Elliott Dolan.

An act for the relief of Phyllis Kaplan Holloway.

An act for the relief of Marie Anna Brassard Bachand.

An act for the relief of Sema Rubin Charles.

An act for the relief of George Louis Draper.

The Royal Assent

An act for the relief of William Young.

An act for the relief of Ruth Evelyn Seivewright Day.

An act for the relief of Mollie Balacan Pantel.

An act for the relief of George Edward Gumbley.

An act for the relief of Dorothy L. Grauer Shapiro.

An act for the relief of Sylvia Grace Martin Corbett.

An act for the relief of Sarah Sybil Aaron Daugaard.

An act for the relief of Kenneth Ashby Lambe.

An act for the relief of Lillian Ethlyn Crouse McManus.

An act for the relief of Marie Leopoldine Gabrielle Asselin Adler.

An act for the relief of Joseph Jacques Ernest Demers.

An act for the relief of Madeleine Therrien Ferron.

An act for the relief of Catherine Victoria Howie Burnett Worthington.

An act for the relief of Hazel Rawlings Passnick.

An act for the relief of Douglas Paul Wilbur.

An act for the relief of Arnold Ernest Kirby.

An act for the relief of Annie Shaw Young Goudie Corcoran.

An act for the relief of Frederick Charles Butler.

An act for the relief of Sam Feldstein.

An act for the relief of Thomas Richard Markey.

An act for the relief of Vera Jane Carroll Ross.

An act for the relief of Ruth van der Walde Crowley.

An act for the relief of Mabel (Karianoron) Stacey Delorimier.

An act for the relief of Ruth Friefeld Ragoza.

An act for the relief of Mary Duncan Barlow.

An act for the relief of Cyril Frederick Hembling.

An act for the relief of Denise Gelinas Gilmour.

An act for the relief of Gordon Eugene White.

An act for the relief of Silas Maxwell Barrow.

An act for the relief of Arline Silverman Cohen.

An act for the relief of Doris Jane Aitchison Birchenough.

An act for the relief of Margaret Lois Long Fordham.

An act for the relief of Eileen Roberta Lynn Walker.

An act for the relief of Claire Greenberg Ghilcig.

An act for the relief of Rose Godfrey Slutsky.

An act for the relief of Eva Lubin Greenfield.

An act for the relief of Gladys Cecelia Fisher Waugh.

An act for the relief of Sheila Ruth Coppelman Mitmaker, otherwise known as Sheila Ruth Coppelman Mintz.

An act for the relief of Ada Vera Higgins Montgomery.

An act for the relief of Priscilla Theresa Marie Laurin Minyaska.

An act for the relief of Marie Dora Adrienne Menard Chartrand.

An act for the relief of Bridget Chiasson Musseau.

An act for the relief of Emilia Bigelis Kozakiewicz.

An act for the relief of Dora Katz Schneiderman.

An act for the relief of Joseph Lionel Bibeau.

An act for the relief of Helene Philomena Schenker Champ-Renaud.

An act for the relief of Mary Finkelstein Fogel.

An act for the relief of Gregorij Sergeij Anker-Jakerov.

An act for the relief of Florence Margaret Parsonage Velleman.

An act for the relief of Georgine Jun Ruzicka.

An act for the relief of Jean (Janek) Mazur.

An act for the relief of Giuseppa Manuri Bartucci.

An act for the relief of Joseph Edgar Eaton.

[Mr. Speaker.]

An act for the relief of Nathalie Olga Marianne Pervouchine Petrik.

An act for the relief of Lily Stall Wax.

An act for the relief of Charles William Silver.

An act for the relief of Hilda Irene Gordon Diamond.

An act for the relief of Jochwet Freiberg Rosenstein.

An act for the relief of Mabel Elizabeth Jones McKay.

An act for the relief of Dorothy Esme Graham Snell.

An act for the relief of Olive Winifred Thistle Gour.

An act for the relief of Sergius Messier.

An act for the relief of Samuel Long Adamson.

An act for the relief of Sadie Isaac Kannon.

An act for the relief of Yvonne Yvette Lalonde Faucher.

An act for the relief of Kenneth Oliver Frawley.

An act for the relief of Carol Almina Perry Alleyn.

An act for the relief of Edna Pearl Tait Ames.

An act for the relief of William Payne.

An act for the relief of Edith Olive Catherine Cramp Midgley.

An act for the relief of Dorothy Lillian Robinson Kay.

An act for the relief of Emily Eileen Withall Rediker.

An act for the relief of Joseph Charles Gerard Jean Leduc.

An act for the relief of Hilda Miriam Magee Taylor.

An act for the relief of Laurent Langlois.

An act for the relief of Dorothy Lucille Girard Ward.

An act for the relief of Alfred Machabee.

An act for the relief of Fanny Iancovici Weissenberg.

An act for the relief of Marilyn Apple Bogoroch.

An act for the relief of Rowena Ann Christena Turner Rae.

An act for the relief of Jozefa Majcher Wozniak.

An act for the relief of Helen Semegen Boodanoff.

An act for the relief of Mary Ann Munro Kelly.

An act for the relief of Esther Maron Feldman.

An act for the relief of Joan Alexander Jacobs Epstein.

An act for the relief of Gertrude Mintz Dankoff.

An act respecting The British Northwestern Fire Insurance Company.

An act to incorporate The Perth Mutual Fire Insurance Company.

An act respecting the Royal Canadian Academy of Arts.

An act to amend the Victoria Day Act.

An act to amend The Export and Import Permits Act.

An act respecting Gulf Pulp and Paper Company.

An act respecting the Board of Elders of the Canadian District of the Moravian Church in America.

An act to amend the Prisons and Reformatories Act.

An act to amend the Supreme Court Act.

An act to amend the Interpretation Act.

An act to incorporate The Hotel Mutual Insurance Company.

An act to amend The Government Employees Compensation Act, 1947.

An act respecting The New Westminster Harbour Commissioners.

An act respecting the appointment of Auditors for National Railways.

An act respecting The Canadian Forces.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1953.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

SUPPLY

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

DEPARTMENT OF JUSTICE

180. Combines investigation branch, $261,055.

Mr. Fleming: Mr. Chairman, yesterday afternoon the minister indicated, in reply to a question from my colleague the hon. member for Kamloops, that at the present session legislation will be introduced for the purpose of amending the Combines Investigation Act; and indeed notice of a resolution to that effect has already appeared in *Votes and Proceedings*. I do not propose at this stage—indeed, it would be improper for me to do so—to embark upon an inquiry with regard to the scope or the extent of that proposed legislation. Nevertheless, it seems to me that at this point, where we are dealing with the estimates of the Department of Justice to provide for the combines investigation branch, this committee of supply will have to know something of the relationship between the estimate and the requirements of the proposed new organization of the combines investigation branch.

I can only assume that the legislation may follow at least to some extent, if not entirely, the recommendations made to the minister by the committee which was set up to study the combines legislation; I refer to the so-called MacQuarrie committee. As hon. members well know, this committee recommended a fundamental change in the structure of the combines investigation branch, featured by a separation of functions between the investigations and research agency on the one hand, and the board on the other. As the estimate before us, which is item No. 180, must have been drafted before there was any thought of introducing these far-reaching changes in the structure of the branch, I ask just what relationship this item of $261,055 is going to bear to the required expenditure of the new branch. I am wondering whether it might not be better to let this item stand over—and it is only a suggestion—until the house has considered the new legislation, in order that we may have some appreciation of the relationship between the new structure of the branch and the sum asked for by the government to sustain it.

Mr. Garson: My hon. friend is quite right in his surmise that the figure indicated in the estimate here is on the basis of the present set-up. Indeed, as I am sure he will appreciate, until the legislation is passed by the house we could hardly submit an estimate based upon the new structure. However, as a result of some preliminary work of a rough kind, or a rough estimate, we feel that the new set-up which the MacQuarrie committee has recommended will involve to quite a large extent a rearrangement of the work which is already being done and the work which is anticipated by the combines commission and which would require additional personnel in any event. But we could not now give an estimate of the amount of the net increase that would be necessitated by the enactment of our new bill—indeed, I think it would be quite presumptuous on our part to attempt to do so—until we see in what form it emerges from the deliberations of parliament. We shall, however, have to bring down a supplementary estimate to cover the requirements of the new legislation, and at that time I think it would be proper to go into the question as to how the costs have been increased thereby.

My hon. friend will see that the increase indicated here is small. It is only of the order of $12,000, which is for the most part occasioned by increases in pay.

Mr. Fleming: I am wondering whether the committee can intelligently proceed to appraise an item of this kind, based upon the kind of detail that is to be found at page 222 of the volume of estimates, when the changes which are to be made in the structure of the branch may be quite far-reaching. Would it not be better therefore to allow the item to stand until after the legislation has been disposed of? Then we could be given revised details, as exact as it may be possible to prepare them, in the light of the proposed reorganization of the branch.

Mr. Garson: I think my hon. friend will agree, if he reflects upon the matter, that until the legislation is passed by the house it is almost impossible to give an estimate for which any pretensions of accuracy can be made.

Mr. Fleming: That is the reason I am suggesting that this item might stand.

Mr. Garson: What I would suggest is that we pass this item, and then have the additional requirement covered by a supplementary estimate. We would have to bring in a new estimate anyway in order to cover this requirement. This estimate does not purport to cover any of the changes that are contemplated by the bill. This estimate was prepared on the basis of a continuation of the present administrative set-up. I think the orderly way to proceed is for us to bring down the bill as we are now doing; then when the bill has been passed by the house

we shall know from the form in which it will have been passed what is to be done and what we will be able to put before the house as an intelligent estimate which we will have to justify in terms of the bill which the house will have previously passed.

Mr. Fleming: Precisely so, Mr. Chairman. That is why I am suggesting that it would be better to let this item stand until that time comes. For instance, is the minister in a position now to say, looking at the details at page 222, that after parliament has reconstructed the branch and has perhaps made extensive changes in its structure, there will be one commissioner; two deputy commissioners; two combines investigation officers, grade 4; five combines investigation officers, grade 3; six combines investigation officers, grade 2; two combines investigation officers, grade 1; and so on down the list? If we proceed with this item at the moment it means that we are being asked to provide money literally on the assumption that the present structure is going to continue. This measure is going to be dealt with at this session. In the light of the facts which the minister has stated, Mr. Chairman, I offer the suggestion that the proper procedure would be to allow this item to stand. Then it can be taken up after parliament has dealt with the bill. We can have a new item then, a substitute item, brought before the committee of supply, in the light of what are going to be the needs of the branch as reconstructed under the proposed legislation.

Mr. Macdonnell (Greenwood): Before the minister answers may I make one addition to what my hon. friend has said. If we go on as we are now, are we not going to do something we know is not right? There are not many instances in which the government has failed to have legislation pass which it has brought forward in this house. May I repeat, if we do this now, we are going to do something we know will have to be undone and changed. What is the objection to waiting until we can do the job right?

Mr. Garson: I think both my hon. friends will agree that there is small likelihood of our requiring any less amount of money than this estimate. If the change we were contemplating might provide for either less money or more money, then I could see the point of letting the item stand. We know perfectly well that we will require at least the amount of money set out in this estimate. The only point is, we do not know how much more we will need. To provide this we can bring down a supplementary estimate, which I think can be considered quite intelligently and fairly by the house after we have our legislation completed.

If after our legislation is passed there were any possibility of the estimate being less, why then, I would instantly agree with my hon. friends and say, "Let's not bother passing it now". But we know we shall require every penny of this amount, and then after the legislation is passed we shall have to show why we are asking the house for x thousand dollars in addition to this to pay for the costs of the new set-up. We shall do that, and my hon. friends will have a full opportunity of discussing that supplementary estimate.

Mr. Knowles: Is the minister in a position to indicate whether any inquiries are in process at the present time? If so, how many?

Mr. Garson: At the end of the last fiscal year eight formal inquiries were in process.

Mr. Knowles: Have any of them reached the stage where a report has been prepared?

Mr. Garson: Yes. At the present moment I have a report, the time of filing of which will expire next week, and it will have to be done by that date.

Mr. Knowles: You will not fail to do so?

Mr. Garson: It will be filed in due course.

Mr. Knowles: Within fifteen days?

Mr. Garson: That is right. It is some 700 pages, and I have not yet succeeded in reading the whole of it, but I hope to do it over next week end.

Mr. Knowles: I am sure the minister will appreciate the fact that we are getting this information out so he will not make a certain error as he did once before. Is it possible for the minister to tell us at this stage the subject of that inquiry?

Mr. Garson: We have always maintained complete secrecy in our proceedings up until the point that the report is tabled. I think to mention the subject of the inquiry now would set off a lot of conjectures. I think it is better to wait. What we would like to do when we table it is to have enough copies to take care of the press, and also a résumé for the press so that they will be able to get it before the public in proper form. I think that purpose would be hindered if we were to give an advance indication of its identity.

Mr. Knowles: The minister told us that there were eight investigations in process as at the end of the last fiscal year. He has indicated that one of them is at the report stage. The other seven are being continued and will result in reports?

Mr. Garson: In two other cases reports are reasonably imminent, and in two other cases they are in preparation. That accounts for five. The remainder are proceeding but reports are not in preparation.

Mr. Knowles: Have any new investigations been commenced since the end of the last fiscal year?

Mr. Garson: I did not get that last question.

Mr. Knowles: The minister thus far has said there were eight investigations in process as at the end of the last fiscal year. I am asking now whether any new investigations have been commenced since the beginning of this fiscal year.

Mr. Garson: Yes, one formal inquiry which has already been announced to the house.

Mr. Knowles: Has the minister any report to make on the administration of the amendments to the Combines Investigation Act which were passed by the house last December? I could indicate the subject of these amendments, but I think it is pretty well known.

Mr. Garson: No. The situation there is that for some time now we have had investigations made as to the operation and the effect, so far as we are able to appraise it, of the legislation that was passed last fall. I have had quite a keen personal interest in the matter, and I have had interviews with the men who are conducting this inquiry, but they have not got their work to the point where they can make any formal report on it as yet.

Mr. Knowles: I take it that it is intended that a formal report will be made so we will know whether any results have come from that legislation.

Mr. Garson: The usual practice in matters of this kind is to include a report in the annual report of the department.

Mr. Knowles: Have any prosecutions been initiated under that legislation?

Mr. Garson: No, there have been no prosecutions, but there is one inquiry on foot under it.

Mr. Fleming: I saw a press dispatch shortly after the prorogation of the last session of the house indicating that it was the intention of the government or the combines investigation branch to leave the enforcement of the 1951 amendments largely to persons affected, normally purchasers from retailers. Just what steps is the branch itself undertaking with a view to enforcement of these amendments?

Mr. Garson: If I am thinking of the same dispatch my hon. friend is thinking of, that was subsequently denied and a statement was made to the effect that we would assume the same attitude with regard to that amendment and its enforcement that we maintain in regard to the main body of the act.

Item agreed to.

183. To provide for the revision of the Criminal Code, including payment of $25,000 notwithstanding section 37 of the Judges Act, 1946, as amended, of honoraria for services rendered during the years 1949, 1950 and 1951, to the following commissioners of the criminal code revision commission: Chief Justice William M. Martin, Regina, Sask., Honourable Mr. Justice Fernand Choquette, Quebec city, P.Q., His Honour Judge Robert Forsyth, Toronto, Ont., H. J. Wilson, Q.C., Edmonton, Alta., Joseph Sedgwick, Q.C., Toronto, Ont., $35,500.

Mr. Fleming: I take it that the commission that was charged with the responsibility for the revision of the Criminal Code, having tendered its report, is now *functus.* On that assumption I wish to ask the minister about the provision for honoraria, how the honoraria are to be distributed among the members of the commission, and the total amounts that will be paid to these gentlemen for the entire task.

Mr. Garson: I have here a memorandum indicating that the $35,000 indicated in the estimates would be divided up as follows: Chief Justice William M. Martin of Saskatchewan, $7,500; Mr. Justice Fernand Choquette, who had been paid $1,000 advance prior to his appointment to the bench, $6,500; His Honour Judge Robert Forsyth, $7,500; H. J. Wilson, Q.C., deputy attorney general of Alberta, $1,500, he having received $1,000 advance and $5,000 as part-time salary; Joseph Sedgwick, Q.C. of Toronto, $1,500. This makes a total of $24,500, the balance being spent for travelling, $3,000; publication and printing, $5,000; additional temporary assistance, $2,500.

Mr. Fleming: Why is Mr. Sedgwick's share of the honoraria so much smaller than the others?

Mr. Garson: As I indicated before the dinner recess, the remuneration paid to the commissioners would be in proportion to the amount of time they spent on the work, with a ceiling of $7,500 for any one person. These amounts are calculated, I believe, on the amount of time the respective members of the commission devoted to the work over the three years it was in course of preparation.

Item agreed to.

Penitentiaries—

Office of the commissioner of penitentiaries—

184. Administration of the office of the commissioner of penitentiaries, including $35,000 for grants to recognized prisoners' aid societies, as may be approved by the governor in council, $338,771.

Mr. Garson: In connection with this matter I should like to make a few comments. The annual report of the commissioner of penitentiaries is a very interesting document which I strongly recommend to hon. members. However, it is a fairly thick volume, and I thought perhaps it might serve some purpose if I were to make a brief review of the more prominent highlights that might perhaps escape a perusal of the report itself, if it were of a rather hasty nature.

Mr. Browne (St. John's West): Has it been published?

Mr. Garson: Yes, published and tabled. I strongly recommend that hon. members see it. It is a very interesting document indeed.

Mr. Macdonnell (Greenwood): What is the date of this document?

Mr. Garson: It is for the fiscal year ended March 31, 1951.

In September, 1947, the penitentiaries branch was reorganized with a view to implementation of the recommendations of the royal commission to investigate the penal system of Canada, better known as the Archambault report. During the intervening years an effort has been made to find practical means to interpret the rather general recommendations of the Archambault commission, in the light of the changed circumstances since the commission made its report.

Since the annual report of the commissioner of penitentiaries has recorded these developments in detail from year to year, it is not my purpose tonight to give a complete summary of everything that has taken place in the interval. It will suffice to say that we have gradually been replacing outworn and obsolete machinery and equipment in the penitentiary shops, that we have made every reasonable effort to improve personnel employed in the penitentiaries, and that major attention has been focused on the treatment of inmates to bring our practices more into conformity with recognized modern correctional procedure.

The basic purpose of the police forces, courts of law and penal institutions remains, as always, the protection of society. A temporary protection may be afforded by the removal of the offender from society and his incarceration for a longer or shorter period of time, as may be determined by the courts. Since, however, it is estimated that 98 per cent of all persons committed to institutions, no matter how long their sentences, will ultimately be released, it is important that during the period of imprisonment every effort should be made to change the basic habit patterns and attitudes of the inmate so that upon release he may be better prepared to live a law-abiding life and to take his place as a fully functioning citizen.

Such a policy demands that all the resources and skills which may be made available in the handling of human beings should be applied in the day to day administration of the institutions. Considering the limitations imposed by the unnatural conditions under which persons live in penal institutions and the necessary concern for safety and security, this is not the easiest possible task. I believe, however, that during the past year we have made further progress in the development in our staffs of a better appreciation of the basic philosophy behind a truly correctional program. Though we are still faced with some problems of physical limitations by reason of inadequate or obsolete equipment, these difficulties are steadily being overcome; staffs of the institutions are now thoroughly aware of the objectives of the new program and are loyally supporting the efforts of the commissioner and his associates.

In June, 1951, a conference of all our wardens was convened in Ottawa. This was the second such conference that has been held in recent years. For a period of ten days the headquarters staff and the wardens of the penitentiaries discussed in detail problems of administration, and at that time far-reaching decisions were made regarding future developments. In the development of such a program as we have in mind it is essential that there should constantly be maintained an effective liaison between the headquarters staff which is charged with the responsibility for over-all administration and the institutional staff which has the day to day responsibility of translating general policy into daily procedures.

With the concurrence of treasury board a change in the remuneration rate for prisoners became effective on October 1, 1951. The old rate was 5 cents per day given uniformly to all prisoners whose conduct and industry was satisfactory. In effect this meant that as long as a man did not commit any acts of misconduct he received the daily remuneration, but this sum was inadequate to provide even a reasonable discharge allowance and did not make any distinction between inmates who were merely doing the minimum of daily work and those who were making better efforts. The new scale of remuneration, therefore, is a graded scale of 10, 15 and 20 cents per day, inmates being graded at intervals of three months not merely on their work efficiency but on their general conduct and

attitudes. A portion of the daily remuneration must be saved against the day of release; the balance may be spent for the purchase of small amenities such as chocolate bars, chewing gum, toilet supplies, etc. It is our hope that such a scale of graded remuneration will not only provide a somewhat more adequate discharge allowance but that it will also provide an incentive for better work in the penitentiary shops.

Consequent upon the introduction of increased remuneration, small canteens were established on December 1, 1951, through which inmates could make purchases of the comforts to which I have referred. In these canteens, however, no inmate is permitted to spend personal trust funds; he is only permitted to spend money which he actually earns in the institution. It was felt that any other policy would set up discrimination between inmates who had funds available and those who had none; it is an important principle of prison administration that no such policy of discrimination should be allowed to develop.

Another extremely interesting innovation of the past year was the authorization of inmate subscription to daily newspapers, without censorship. If it is hoped that prisoners will sooner or later return to the outside world, it is obviously necessary that they should not lose complete contact with what is going on in that outside world. In any case news sooner or later penetrates prison walls, and almost invariably in a perverted form. It seems to us much wiser to permit inmates to receive the news in the same way any other citizen may, and that he should also have the benefit of other material contained in the daily newspapers which will keep him in touch with the currents of thought and activity in the world to which he will return. This privilege has been much appreciated by the inmates and so far has presented no serious problems.

At Christmas of last year inmates for the first time were permitted to receive Christmas parcels from the outside. These were standard parcels of a value from $1 to $5, and arrangements were made by the individual wardens to have such parcels prepared by outside commercial suppliers provided the inmates themselves or their relatives made necessary funds available. The Christmas season in the institutions has in times past been a period of considerable emotional tension. The granting of this privilege in keeping with the sentiments of the season seemed to be a reasonable and humane act, and it was also much appreciated by the inmates. There were of course some inmates who did not have funds available, but various arrangements were made that assured that no inmate would suffer because of lack of personal funds. It is only fair to the inmates to state that in many cases more fortunately placed inmates generously shared the contents of their parcels with their less fortunate fellows.

Since 1948 training courses for penitentiary staffs have been conducted in Ottawa, initially with the co-operation of the Royal Canadian Mounted Police and in accommodations provided by the police. It became obvious, however, that if such a training program were to be carried on effectively it was essential to have a permanent training centre devoted entirely to the training of penitentiary staffs. To achieve this end a suitable property already in the possession of the government was transferred to the penitentiary branch. The fine old residence has been entirely renovated by inmate labour, was furnished almost in its entirety with the products of penitentiary workshops, and on March 1 was opened as the penitentiary staff college.

Its location at Kingston is the logical one, inasmuch as it is in close proximity to Kingston and Collin's Bay penitentiaries and the prison for women, as well as having available the facilities of Queen's university with which it is hoped there may be increasing co-operation in our training program. Since March 1 two groups of guards from all institutions have attended, and there have been two conferences of senior officers. The establishment of this institution on a permanent basis is a recognition of the vital importance of continued training of penitentiary officers for their difficult and valuable work.

I previously announced plans for the development of a new institution in the province of Quebec in order to alleviate the overcrowded conditions at St. Vincent de Paul penitentiary and to make better provision for the segregation of young and reformable types of offenders. Although not yet completed this institution, known as the federal training centre, contiguous to the penitentiary but under its own separate administration, has now reached the point where it can operate with its own staff and its own program. Suitable inmates, after a screening process, are transferred from St. Vincent de Paul to the new institution, and at the present time some 200 inmates have been so transferred. In this new institution an effort has been made to incorporate the best results of penal administrators elsewhere. Inasmuch

as all our penitentiaries are in a sense maximum security institutions, this too is a walled institution.

Emphasis, however, will be placed on education and vocational training. Considerable use already is being made of inmate committees in order to develop a sense of community responsibility. There is a greater measure of freedom allowed within the walls than is customary in most of our institutions. A mess hall has been provided so that inmates in this institution will eat their meals together. Further suitable facilities, hospitals, chapels, school buildings, etc., are now in the process of construction and will be completed in the not too distant future. The ultimate capacity of this institution will be 600 inmates.

There have been continued developments during the years in the recreational program, the hobbies program, in inmate publications and the development of inmate participation and responsibility through inmate committees operating under the direction of the staffs. Many of these developments have been fully reported in the daily press. It is interesting to note that in at least two areas penitentiary teams have been included in local city softball leagues and the standard of sportsmanship displayed in these contests has been a credit to the men in our institutions. Furthermore, such visits to the institutions have provided opportunities for certain members of the outside public to see something of the inside of prisons and to become familiar with a policy of administration which is humane and dedicated to the idea of rehabilitation.

Of course it would be ridiculous if all these efforts and others which are more fully described in the annual report, which as I said before I strongly recommend to hon. members, were not supplemented by efforts to assist the ex-prisoner to adjust himself at the time of his release. There have been continuing efforts in the organization of prisoners' aid societies, and such organizations are now functioning in practically every large community across the country. The national employment service through its special placements branch has been of invaluable assistance in this connection. The press also has presented fair, impartial and wholesome reports of our activities so that employers and the public generally have developed a much more sympathetic attitude to the problems of the ex-prisoner. The production by the national film board of two short ten-minute films, "Penitentiary" and "After Prison, What?", and the circulation of these films through the commercial theatres has also contributed in an effective way toward a better public understanding of the prison problem.

Prisons are inevitably places of considerable tension, but humane and scientific procedures can do much to relieve the tension. It has been effectively proven that a policy of repression or merely of punishment is really not reformative. Penal institutions must, of necessity, be disciplined institutions; but within the framework of good discipline and security it is possible to develop a "treatment" program which is not only scientifically valid but which is humane and Christian in its attitude towards the individual offender. Although we cannot claim as yet to have developed final and effective techniques in the treatment of the criminal, we feel that the policy which has been established, and which is being pressed forward aggressively, has resulted in a much improved institutional morale, and has had results even in a comparatively short time in the reduction of the percentage of penitentiary repeaters. It is our intention to continue the present program in the hope that a period of penitentiary imprisonment may not set a permanent stigma upon a man but that it may perchance provide, for all those who are amenable to treatment, a new view of life and living.

I should like to cite and pay tribute to some of the efforts that are being made to co-operate with us by public spirited organizations outside the prison walls. In December of last year the Rotary club of Kingston sponsored a four-day art exhibit of work done by inmates of Kingston and Collin's Bay penitentiaries and the prison for women. This exhibit was held in the auditorium of one of the Kingston hotels. It was opened at a regular meeting of the Rotary club which, according to reports, was the most largely attended meeting of the year. At a public meeting Professor Andre Bieler of Queen's university spoke on the place of art as a therapeutic device. The exhibit was open for four days and was largely attended by the general public. The entries were judged by Professor Bieler and prizes were awarded. A considerable number of paintings and drawings were sold, the proceeds going to the inmates' trust fund. This exhibit was an impressive demonstration of the talent which is available behind prison walls and, may I say, an impressive demonstration of the public spirit of the Rotary club of Kingston.

At Saskatchewan penitentiary on Saturday night, March 8, the associated commercial travellers sponsored an amateur hour over radio station CKBI, the whole program being

presented by inmates of the penitentiary. A suitable audience was gathered within the prison and the program relayed by telephone line to the broadcasting station. Donations were received over the telephone during the course of the evening and over $1,000 was realized for the work of the anti-tuberculosis league, one donation being wired from South Carolina and the balance coming from all over the provinces of Manitoba and Saskatchewan. The inmates were naturally happy to be presenting a program over the air, and particularly pleased that they had been able to join in a worth-while community effort.

A final item which I would like to mention was the participation by a male chorus consisting of members of the Catholic and Protestant choirs of Dorchester penitentiary in the maritime music festival. The choir had been trained by the penitentiary organist, and their selections were transmitted by telephone line from the prison to the hall in Moncton where the contest was being held. The adjudicator awarded to the penitentiary choir the highest marks given to competitors in all classes. The program and the remarks of the adjudicator were relayed back to the prison and heard by all inmates over the prison public address system. A radio commentary on this program including a transcription of two numbers sung by the choir, "Drink to me only with thine eyes" and "O sacred head, once wounded" by Bach was heard over a trans-Canada network on Monday night, May 19.

I have mentioned these three events inasmuch as each of them in its own way was significant and unique. They are not isolated incidents but serve to illustrate the value of the recreational and educational programs which are now being introduced into our Canadian penitentiaries. Such programs provide a wholesome release for the tensions inherent in prison life. In some cases such programs have already proven their benefit in enabling released prisoners to gain acceptance in the community on their discharge; the notices regarding such events which have appeared in the public press and over the radio have served to provide for the general public a better understanding of a policy of "treatment" as opposed to the old philosophy of punitive deterrence.

I should like to conclude my remarks by quoting from an editorial which appeared in the *Telegraph-Journal* of Saint John, New Brunswick, dealing with the music festival and the part taken therein by the prison choir. It is headed "Prison choir in festival" and reads:

For a few days the newspapers were crammed with glaring headlines and frightening stories of prison riots, penitentiary fires and destruction of prison property.

It then goes on to list the places where this rioting has occurred. As we all know these details there is no purpose in reading them. The editorial then continues:

In some cases, hardened criminals held guards as hostages as they bargained for better food, liberalized parole systems and the dismissal of allegedly brutal officials. Throughout the land the voice of the convicts was heard. It was a hard voice, driving a hard bargain, and it was not pleasant to hear.

During this trouble it was natural to think of conditions in the maritime penitentiary at Dorchester and to wonder how the prisoners there were being treated. In view of this, it is rather interesting to note that the voice of the inmates of Dorchester will be heard publicly on Thursday night of this week. Only the prisoners of Dorchester will not be screaming out in riot, demanding more food and better conditions—at least, we do not anticipate anything of this nature.

What they will be doing is taking part in the music festival by singing "Drink to me only with thine eyes".

As a matter of fact, the voices heard will be those of twenty-four members of the prison choir which is to compete in the Moncton music festival. The enthusiastic members have been practising for the big night for the last six months. Of course, the prison choir will not be able to attend the music festival, so its selections will be piped direct from Dorchester into the Moncton high school auditorium. Arrangements also have been made for the adjudicator's remarks to be broadcast back to the choir over the prison's radio system.

The inmates, prison officials, the warden and the volunteer choir director all should feel proud of this achievement, which can be hailed as a new advance in prison recreation. It is the first time that a prison choir has competed in a music festival in Canada—and the voices which will be heard will be much more pleasant than the riotous cries which recently rang out—

It then goes on to name the prisons where trouble had occurred.

Mr. Cruickshank: Is Bordeaux jail under federal or provincial jurisdiction?

Mr. Garson: It is under provincial jurisdiction entirely.

Mr. Bryce: Mr. Chairman, I think this statement by the minister is the best we have had in many years on prison reform. It indicates what is taking place in the prisons today. At other times when the minister's estimates have come up they have been passed before his officials were able to get down from the gallery and we were not given the opportunity to hear a statement of this kind. I think he has made up for it tonight.

I am delighted to know of the progress that is being made. A new commission was set up to do just these things, and I am sure that progress will continue to be made. I have a large penitentiary in my constituency and the welfare of the people, both inside and out, is of interest to me. I have studied the report to which the minister refers and I notice that the warden of that penitentiary

reports that far more non-fiction books were being read this year than ever before. It indicates that the training being given to the inmates is not being wasted. Then at page 89 of the report appears the following:

> Our classification officer reports that the past year has been a year of marked progress, especially in our discharge program and excellent co-operation has been received from the national employment service, the prisoners' aid society, the Salvation Army, and other social agencies and it is gratifying to report good results on rehabilitation obtained.

These organizations deserve thanks for the work they are carrying on in helping prisoners get back into private life. I was wondering if the minister spent any time in the prisons when he was overseas.

Mr. Garson: I did not spend any time in the prisons, but I did pay a visit to the minister of justice of the then government of France. He was extremely interested in the work we were doing because our reputation had spread that far. He asked me to prepare a report upon what had been accomplished. I did that when I got back, but in the meantime the government had fallen.

Mr. Bryce: The minister, being a good Manitoban like myself, I know would do nothing wrong that would get him into prison and I did not mean that. When I was over there a short time ago I was able through the kindness of the secretary for Scotland to visit some of the prisons. I was really astonished at how far they have gone in their work. I visited one prison at Peterhead in the north of Scotland, and I was told that they had not used the solitary confinement cell for seven years. Their treatment of prisoners is showing good results and I was surprised at the extent they have gone. They even have a bowling green and the inmates play golf and football. These men were allowed out to work on farms and brought back at night. They started to build the harbour fifty years ago, and it is not completed yet so there is still a lot of work ahead of them, but the farm work is more appealing than working on the harbour.

I visited the prison at Aberdeen, in which there is a different class of prisoner. The prisoners there find employment in making fish nets, and when I was there they were making fish nets to the accompaniment of radio music. I was assured by the governor of the prison that since this new system had been adopted the production of nets had increased by 50 per cent. I could go on for some time giving such details, because I spent quite a few days trying to find out things about the Borstal system and that sort of thing. They are doing a wonderful job. You have no idea how pleased I am to know that my own Canada is doing something along that line too, and I think we shall get good results. If these men could be reformed so they did not return to prison the taxpayers of the country would be saved a great deal of money spent in training custodians, wardens and that sort of thing.

I want to ask the minister about the 48-hour week. I asked him about it before, and he told me it is being considered. I had expected that by now a 44-hour week would be in vogue. Some problems had to be considered but I know some of the men are working 51 hours a week. Those are the men who go on duty at 7.30 in the morning and come off at 5.00 at night. The regulations state that if a custodian, or whatever you like to call him, works more than 3 hours overtime at any one time, then the department allows him for the overtime. These fellows only work a half hour per day overtime, which amounts to 3 hours per week, but they never get the 3 hours straight which would enable them to claim that time. I want the minister to know I fully realize that these men are on call in case of emergency, riot, fire or anything like that, so do not confuse the issue. I am considering the ordinary routine of the prison.

Then, too, the wages have been raised over the last four years but they have never kept pace with the wages paid to others. For instance, a man starting on the Winnipeg police force will receive $213.44 a month. This man who is a guard only receives $186 at the start. I think it is time wages were pushed up a little bit more to bring them at least close to the wages paid policemen. There is a difference now of $27.44 per month or $329.28 for twelve months. Possibly there should be a difference, but it should be not quite as great.

I should like to know also how many indeterminate prisoners there are. Has any consideration been given to doing away with corporal punishment? The other day I received a brief from the welfare council, and I was surprised to find that this form of punishment has been eliminated in every civilized country in the world except Canada and certain of the states in the United States. This brief was forwarded by the Canadian welfare council, 245 Cooper Street, Ottawa, and it is over the signature of R. E. T. Davis, executive director. Will the minister state what consideration has been given to eliminating corporal punishment in this country?

Mr. Garson: Dealing with the hon. member's questions in order, I wonder if I could begin by having him clear up a point for me. Does the member of the Winnipeg police force of whom he spoke receive any living accommodation in addition to his salary?

Mr. Bryce: The wardens at Stony Mountain pay their rent, too.

Mr. Garson: The information I have is that the guards who come on the force at Stony Mountain—I presume that is the penitentiary the hon. member is interested in—start at $202 per month. If they are single men and living in, they get their living accommodation as well. I believe, therefore, that the two wage rates compare quite favourably.

Now with regard to the indeterminate sentences, there are 25 such prisoners in the entire penitentiary system, that is including all the penitentiaries in Canada.

With regard to the matter of corporal punishment, that is a matter which is covered by the Criminal Code, the revision of which should be back from the Senate one of these days and my hon. friend can speak to this section at that time.

Mr. George: I should like to make one or two observations about what the minister said in connection with the maritime penitentiary, and the choir which took part in the music festival. This festival was sponsored by radio station CKCW, Moncton. The Prime Minister opened that festival, and he paid fitting tribute to the members of the choir. As the minister has said, this choir made the highest marks of any entered. It is interesting to note that one of the members of the choir had been discharged from the penitentiary, and in order to take part in the competition he returned to the penitentiary at his own expense. I believe the warden and his staff are to be congratulated on making these facilities available to the choir.

There is one other point that has not been mentioned very often, and that is the rehabilitation of these men when they are discharged. The John Howard society and the unemployment insurance commission are doing an excellent job, and they are to be congratulated. The work must be effective, because the population of the penitentiary is gradually decreasing.

Mr. Macdonnell (Greenwood): Mr. Chairman, I want to ask three or four questions. First of all I should like to make one or two general observations. Though we all sympathize fully with the aims of the penitentiary administration, particularly since we received the recommendations of the Archambault report, I think we all feel that the old idea that it was nothing but punishment and protecting society by shutting up people behind walls has now gone, and we recognize that what we are trying to do is not only protect society but turn the offenders into better citizens. At the same time, I think we must not get to the stage where we talk about it as if being there was a reward for meritorious service. I am sometimes just a little bit afraid that we are getting sentimental about it. For example, I am all in favour of education and proper recreation—

An hon. Member: Training.

Mr. Macdonnell (Greenwood): Yes, training; but when I hear of teams from the penal institutions taking part in city leagues, I am just a little bit troubled by this thought. I am not thinking so much about the inmates themselves; I am thinking about the people who play with them. Are we making this into something which is trivial? Are we in danger of sentimentalizing about it? I should like to hear what the minister has to say about that matter. I think it is a great pity if we are getting sentimental about this thing. After all, it is not a sentimental matter. It is a serious matter. We all agree that we must behave in a humane manner and must do our best to retrain these people. On the other hand, as I say, I think we should keep the thought clear in our minds that this is a serious matter and that these men are there because of the things they have done against society.

May I now ask one or two questions. From the report I am not clear to what extent young offenders are segregated. Will the minister say a word about that matter?

Mr. Garson: To reply to my hon. friend's question, the answer is that in the large institutions—for example, at St. Vincent de Paul—we have the federal training centre that I was referring to just tonight, which has been built for the express purpose of segregating youthful offenders and also those who seem to offer better hope of rehabilitation than do others. That is also true of Kingston and Collin's Bay. With regard to the other penitentiaries, we segregate the living quarters of the juvenile offenders and maintain that segregation in all other respects as far as our physical facilities permit us to do so. But the limitation there is simply that of our physical facilities.

Mr. Macdonnell (Greenwood): I should like to ask further whether the objection to young offenders being with the old lags is not so strong that segregation ought to be a matter of top priority, almost ahead of everything, in order to keep the young people by themselves. I should like to have the department's opinion on that matter.

Mr. Garson: I think I cannot emphasize too strongly that the principle of segregation is strictly followed in their living quarters; and that is where they spend a great deal of their time.

Mr. Macdonnell (Greenwood): Is that segregation of living quarters followed everywhere?

Mr. Garson: Yes. As I said before, where we have large institutions like St. Vincent de Paul and its associate federal training centre, and Kingston penitentiary and its associate, Collin's Bay, there is complete segregation; because the one institution in each case is just for the one class of offenders. In the other institutions we carry out the policy of segregation to the fullest extent which is possible, having regard to our physical facilities. In all cases we provide for segregation of living quarters.

Mr. Macdonnell (Greenwood): And of work?

Mr. Garson: No; not of work.

Mr. Macdonnell (Greenwood): Does the minister not think that segregation is the most important of all?

Mr. Garson: Not entirely. The commissioner tells me that some of the young offenders are pretty hard characters. He says that in some cases they are just as hard as the old ones.

With regard to the suggestion by my hon. friend to the effect that we are going sentimental, if he will permit me to do so I must repudiate it. I do not think we are going sentimental. We have not at any point gone beyond the stage where we can justify this thing in terms of dollars and cents if not on any other basis; because as my hon. friend knows, when crime and the incidence of crime is not on the decline, the rate of recidivism in our Canadian penitentiaries in the last five years has declined from 45 per cent in 1947 to 40 per cent in 1952.

Mr. Macdonnell (Greenwood): In that connection, will the minister turn to paragraph 31 on recidivism, because I do not understand some of the figures. Will the minister per cent in 1947 to 40 per cent in 1952.

Mr. Garson: These figures I have just quoted are the rates of recidivism for the penitentiaries. These are not the rates applicable to any of the provincial jails. I maintain that in a matter of this kind—and I think my hon. friend will agree—the proof of the pudding is in the eating. If at a time when crime is not on the decline and society tends to produce more crime and more criminals we can reduce the rate of recidivism quite substantially over a period of five years in our penitentiaries, I think that fact shows that we are not pampering them very much. We are producing a good result.

Mr. Macdonnell (Greenwood): I want to correct one impression that I did not intend to give the minister. I was not accusing the department of being sentimental. I was saying I was a little bit afraid that there might be sentimentality in certain quarters. I was merely asking the question prompted by the incident to which he referred. Will the minister explain for me paragraph 31 at page 12? First of all it says:

> The general percentage of recidivism—all types of sentences—is 76·3 (previous year, 77·1).

Then it goes on and gives certain details. Then it gives the percentage of penitentiary recidivism as 38·71. Does that top figure of 76·3, which struck me as an alarming one, apply to all types?

Mr. Garson: That is right.

Mr. Macdonnell (Greenwood): That seems to be a large figure. Is there any explanation for it? If you have three quarters or over who are repeaters, it seems rather disappointing.

Mr. Garson: That is quite true. But the figure I am speaking about is the figure which is a measure of the effectiveness and efficiency of the penal institutions. We cannot take any responsibility at all for any of the other institutions.

Mr. Macdonnell (Greenwood): If I may, I should like to ask just one other question. Will the minister say something more about education? I take it that education is limited as to hours, because I presume the men have their fixed hours of work. I should like to know what hours are available for education, and I should like to have some significant figures showing to what extent it is availed of. I should like to know what tests the department have. I have no doubt they have very significant tests which they can give to us so we may have an idea as to what is really being done here.

Mr. Garson: I think perhaps the best way I could put it for my hon. friend would be to refer him to the section in the report which outlines in considerable detail what the educational facilities are. If he will turn to page 15 he will see, commencing there and going on for several pages, to the top of page 18, a full statement on the educational facilities at the penitentiaries.

Mr. Noseworthy: Mr. Chairman, I think one thing this discussion this evening has brought out is the fact that here we have a report that deserves much more study and much closer examination than we are able to give it in a committee of the house such as the one we have at the present time. I would suggest to the minister that some thought be given to presenting this annual report to a special committee before which officials of the minister's department can be invited

as witnesses and who can answer from first-hand knowledge just such questions as those which the hon. member for Greenwood has been raising tonight. There is a value in giving members of the house a greater opportunity than a committee of the whole affords to learn more of what is being done by the officials of the minister's department in connection with our penitentiaries. I notice on page 8 of the report, for instance, that during the past year increasing efforts have been made to gain the interest and co-operation of the general public in the activities within the institution. My suggestion is that in order to gain the interest and co-operation of members of the house in the activities that are going on within these institutions a report such as this be presented to a special committee of the house.

I want to congratulate the officials on the presentation of this report. There is certainly plenty of evidence that the minister has in his department men and women of imagination and intelligence, and with a good deal of sympathy for the people with whom they are dealing. What I am particularly delighted with is the section of the report dealing with educational activities within these institutions. I think one of the most remarkable bits of information is that part of the report which states that since 1947 only 15 per cent of those who have graduated with vocational training courses have got into trouble with the authorities after their release, and that 95·6 per cent of those who graduated during the year with which this report deals became non-repeaters. That I think is a remarkable record, and one for which the minister and his officials are to be complimented.

Incidentally, I might remark that another reason for sending this report to a committee would be to get more up-to-date information. Nothing in this report pertains to anything that has taken place within these institutions since March, 1951, fourteen months ago. I note in one place, for instance, that at the time this report was written plans were being drawn for a new building at Kingston penitentiary. The report said it was hoped that construction would commence on this project during the summer of 1951. I would like to know just what progress has been made on that building. The minister might give us that information.

I would like to know to what extent the educational work within these institutions is hampered by lack of facilities, equipment and accommodation. I can understand that officials of the department are very hesitant about including such information as that in the report. If we could get some of these officials before a committee of the house we could find out just how much more we in this parliament could do to promote the good work of those who are carrying on within the institutions.

Can the minister tell us briefly just what new facilities, equipment and buildings have been made available for those who were attempting to carry on educational work in those institutions during the past year.

Mr. Garson: Since that report?

Mr. Noseworthy: Yes.

Mr. Garson: I may say to begin with that the building to which my hon. friend referred as having been mentioned in that report is now under construction, but it is not completed.

Mr. Knowles: May I ask the minister two or three questions. First of all I wonder whether the federal training centre associated with St. Vincent de Paul and any other similar institutions have been in operation long enough for him to give us the rate of recidivism in connection with them as compared with the rate generally.

Mr. Garson: Well the federal training centre at St. Vincent de Paul opened only in April, 1952, so it obviously has no statistics. The senior assistant commissioner tells me that at Collin's Bay over a period of 15 years, from 1930 to 1945, he has made a calculation of the rate of recidivism, that is of those who having been discharged from Collin's Bay, have gone out and got into trouble and come back into the penitentiary system. That would not include those who may have got into trouble and got into a provincial jail—that would not turn up in our statistics—the figure for that, as compared with the 40 per cent and 45 per cent I was mentioning a moment ago, was 20 per cent. That is the graduates, if you like, of Collin's Bay and the like came back to the penitentiary system to the extent of 20 per cent over a period of 15 years, from 1930 to 1945.

Mr. Knowles: May I ask the minister a question or two with respect to the St. Vincent de Paul training centre. He said there were about 200 young men there now; that the accommodation when the institution is completed will be around 600. Will the other 400 be transferred from that same penitentiary, or will they be transferred from other parts of Canada? The same type of question could apply to Collin's Bay.

Mr. Garson: The information I have at the present time is that we have accommodation for 400 people, and of that total accommodation one building accommodating 100 people is set aside temporarily for administration. Therefore this leaves us with a net accommodation of 300 which is available at the moment. In that accommodation for 300 we

have segregated, as they came from St. Vincent de Paul, suitable convicts for that type of training provided there. We will continue that policy until we have the 300 filled. By that time we hope we will have the space for the 600 completed and available, and we then can consider transferring prisoners from other institutions.

Mr. Knowles: Is there any similar accommodation or institution for prisoners in other parts of Canada? For example, I understand there is no such institution as a federal training centre associated with Stony Mountain. Meantime prisoners from there are not being transferred, although they might be in the same category. Is that the case?

Mr. Garson: As I said in reply to a question asked earlier by the hon. member for Greenwood, we bring our program forward as we are able to make the physical facilities available to carry it into effect. We cannot go faster than that. We can transfer from other penal institutions these special types of prisoners only up to the limits of the accommodation we have for them.

Mr. Browne (St. John's West): I listened with interest to what was said by the Minister of Justice. I was surprised that so much stress should be laid on these improvements in connection with penitentiaries, because I thought all these things had been put into effect long ago. The Archambault report came out in 1947, five years ago. That seems to me a long time to elapse before recommendations receive consideration.

Mr. Knowles: Have you read the 1919 platform of the Liberal party?

Mr. Browne (St. John's West): Would the minister look at page 52 of the report to which he referred, which gives the previous convictions in respect of eight penitentiaries. With respect to Newfoundland he will find that out of 30 inmates there were 18 with no previous convictions. I believe that is the highest proportion shown. The hon. member for Winnipeg North Centre referred to St. Vincent de Paul. This table shows that at that penitentiary there were 72·7 per cent recidivists, while in Newfoundland it is only 40 per cent.

In Newfoundland we have only one penitentiary, and I do not believe it could be so described, to use the strict sense of the word, because it also takes care of those people who are sent from the magistrate's court in St. John's. How does the minister manage to keep the penitentiary records segregated, and what proportion of penitentiary costs are borne by the federal government, and what proportion by the provincial government?

[Mr. Garson.]

Mr. Garson: In Newfoundland the federal government pays the provincial government for all the prisoners in the jail there who are sentenced for more than two years or who, in other words, would otherwise be eligible for incarceration in a penitentiary. We pay Newfoundland on a per diem per prisoner basis.

Mr. Browne (St. John's West): At one time there was a prison logging camp. Is that still being operated under the federal government?

Mr. Garson: It is a provincial government operation.

Mr. Fleming: I should like to ask a question concerning a problem of great importance, one that is broader than just the aspect pertaining to penitentiaries administration. I refer to the problem of the treatment of sex offenders. What progress is being made in this field? I am aware of the report submitted to the minister's department over a year ago by the John Howard society of Ontario, which dealt with legal and psychiatric aspects of the problem and was accompanied by proposed legislative enactments. Would the minister give us a report on this subject, please?

Mr. Garson: If I am thinking of the same report the hon. member has in mind, the one which came out about a year ago, my recollection is that it was more or less factual, and did not contain any recommendations for treatment. It just reviewed the facts. Speaking also from memory I believe we made provision in the law two years ago—and the hon. member will recall this—whereby courts could impose a special type of indeterminate sentence in respect of sexual offenders. The last time I had occasion to check it up it seemed to me that very small use was being made of that legislation. Of course it is a straight question of the administration of law and the exercise of discretion by the courts.

Mr. Fleming: Has consideration been given to the amendment made at that time? I remember offering some criticism of the amendment in the house, and further amendments were introduced as the legislation passed through committee of the whole on that occasion. Is that legislation under review now to determine its effectiveness, or to what extent further progress can be made, either by legislative or other means?

Mr. Garson: In the normal course of events I think this matter came under the consideration of the commission dealing with the consolidation and revision of the new Criminal Code. The Criminal Code bill will return to

this chamber in due course from the Senate, and can be considered at that time.

Mr. Fleming: Could not the minister be a little more informative in a general way as to how the department plans to deal with this problem? This is a serious matter which has been considered by the house on one or two previous occasions. It is causing a great deal of concern not only here but throughout the country. I think the committee ought to have an informative statement as to what the government is doing to meet this problem.

Mr. Garson: I think my hon. friend will agree that the problem divides itself in this way. First of all there is the enactment of the necessary criminal laws to deal with offenders of that kind. This would be part of the criminal law, and its enactment is the responsibility of this parliament. Then the administration of such criminal law is a matter for crown attorneys appointed by the provinces or municipalities. The adjudication of the offences charged is carried out by courts appointed by the provinces. If the courts have invoked the provisions we have made in the law especially for these sexual offenders, the offenders go back in some cases to provincial prisons and in other cases to penitentiaries, with indeterminate sentences. When they come to us—and that is what we are now discussing—we are more fortunate than the average provincial prison because we have a psychiatrist in our service who can give consideration to these offenders and give as good therapeutic treatment as can be devised for their cure. I think it might be possible for greater use to be made of these indeterminate sentences for sexual offenders. But that is a matter of administration of the law, and not of any defect in the law itself.

Mr. Churchill: I have a few words to say on this item. Unfortunately I have not been able to go through the entire report, but perhaps members will be pleased because for that reason my remarks will therefore be shorter. For a number of years I have been following the policy with respect to penitentiaries, and I wish to add a word of commendation for the implementation, so far as it has gone, of the Archambault report. I think great progress has been made along two lines, general care of and attention to inmates of the institutions, and particularly the training program for the guards. That has been a most useful program indeed, and possibly has done more than anything else to make the administration of the penitentiaries more efficient than was the case in the past.

I am interested in one particular problem, and perhaps the minister can give me some information along this line. I note with interest the educational program within the institutions. I think that is very much to the good, but for the last four or five years now I have wanted to secure information as to the educational qualifications of the inmates on admission. I do not see that this information is available in the report, and I hope it can be made available in the future. There are one or two sections of the report dealing with education to which I should like to draw attention. On page 15 of the report, paragraph 48 reads as follows:

> Classes for illiterates and low literates continue in all penitentiaries on the same basis as they have been conducted for many years.

What strikes me as odd about that is that although there are only eight institutions with 4,817 inmates, yet in each institution there are obviously illiterates and low literates, and I think they are out of proportion when compared with illiterates and low literates in the rest of the population. Then I note that on page 18 it mentions the fact that the schoolteacher at Kingston penitentiary made a survey of the educational qualifications of the inmates there, and his findings are as follows:

	per cent
Illiterates	3·7
Grade 7 or less ..... approximately	35·0
Grade 8, but not a full year at high school	30·0
Some high school	25·0
Completed high school	4·0
One or more years at university	1·7

Then our attention is drawn on page 24 to a survey at St. Vincent de Paul penitentiary, and paragraph 8 on that page reads as follows:

> Seven hundred and fifty cases were studied with regard to educational standing. Sixty-one per cent were reported as VI grade or below, 34 per cent from grades VI to IX and 5 per cent tenth grade or higher. These figures are on the basis of inmates' own reports and may therefore perhaps indicate academic achievement somewhat higher than is actually the case.

My point is that I think we should have the educational qualifications of the inmates in these institutions made available to us. I have not the facts but I think the standard of education of the inmates is below that for the country as a whole. I believe there is a distinct correlation between crime and lack of education. Consequently I would be pleased if the minister could give us any more information on that point than I have been able to discover, or his assurance that for the future information along that line will be compiled. After all, these men in the penitentiaries are costing us more than any other individuals in Canada. It has always seemed to me that it would be wiser to spend more money on education and eliminate the

illiterates rather than keep them in penitentiaries for years at heavy expense and then try to educate them.

I feel that the follow-up program after men leave the penitentiaries is good as far as it goes, and I think a great deal of credit is due to those people who, through various societies, have interested themselves in men who are released from penitentiaries, who find them employment and assist them to become members of society again. I have talked to people who have been doing that work for years, and they have pointed out to me the extreme difficulties involved in some instances in getting men settled in society again, although sometimes it is not too difficult. My feeling is that in some way greater responsibility should be accepted by the department for completing the rehabilitation of the men who are released. After all we have a very fine program now within the institutions which prepares them for their return to society. After they have served their terms and paid their debt to society they should be accepted again in so far as it is possible. With a proper program of returning men to their positions in society we might have fewer men returning to the penitentiaries.

I think it is at this point that our program is perhaps somewhat weak. If the department could see its way clear to institute a follow-up program that would look after these men more adequately from the time of their release from penitentiary and for such period as is necessary afterwards, it would be advantageous. On page 29 of the report I notice that paragraph 115 deals with the after care of prisoners and reads as follows:

> Following the policy established initially in 1948-49 federal grants-in-aid have been made available to recognized prisoners' aid organizations, rendering effective service to prison dischargees. A total of some $27,250 was expended for this purpose.

I wonder if that amount of money has been adequate to meet the need. If more assistance were provided at that point we might save at the other end. Instead of having to pay out the taxpayers' money to maintain recidivists in our penitentiaries, would it not be better to spend a little more at an earlier stage and make sure they did not return?

Mr. Bryce: How many of the penitentiaries are on a five and a half day week?

Mr. Garson: All of them.

Mr. Fulton: We have had quite an ample discussion, but I think we should have some comment or reply from the minister in connection with the well-considered remarks of the hon. member for Winnipeg South Centre.

[Mr. Churchill.]

Mr. Garson: I certainly would not want to overlook my hon. friend who was a colleague of mine in the Manitoba house for some time, but I did not understand that he wished me to reply. These prisoners' aid societies operate on the basis of grants which they receive from us and also from the provinces because they also place prisoners discharged from the provincial jails. Being charitable organizations they have endowments and the like of their own. My hon. friend has suggested that we might ourselves deal with all discharged prisoners but I am told, and this can be readily understood, that in many cases prisoners prefer to deal with a voluntary agency.

Mr. Churchill: I was not expecting the department to deal with them; I was suggesting that the department be more generous in the assistance given to the voluntary agencies.

Mr. Garson: I think I may say that we have been satisfying the requests of these agencies. My hon. friend has had some experience in that field and he will know that agencies of this sort usually are not too reticent about making requests. This amount has been increasing as time went on and I have no doubt that if the volume of work increases the grants may be increased accordingly.

Mr. Churchill: Could the minister say something with regard to the educational statistics I was asking about?

Mr. Garson: I think my hon. friend's suggestion is good. As far as I am concerned I shall be glad to discuss it with the officials to see whether it is feasible to introduce it.

Mr. Macdonnell (Greenwood): Do the voluntary agencies take in hand everyone discharged from the institutions, or do they just do their best? Do they assume the responsibility of trying to assist everyone who comes out and is in neeed of assistance?

Mr. Garson: The voluntary agencies, the Salvation Army and the national employment service provide service for all discharged prisoners who wish it. We do not compel prisoners to receive such services but it is known to all prisoners that this service is available. I might point out that when a man comes into a penitentiary he is interviewed by a classification officer and his strong and weak points as well as his background and so on are carefully analysed. This personnel officer and the chaplain as well as the psychiatrist, if necessary, are in touch with the prisoner during his period of incarceration.

Some time before his discharge he goes, if he wishes, not only before the classification

officer but before a representative of the voluntary agency; and the problems he is likely to face when discharged are discussed with him. The classification officer maintains contact at all times with the voluntary agencies and the employment office. Thus if the prisoner has any interest at all in getting re-established he is strongly encouraged before leaving the penitentiary to go to these outside agencies, and in a great many cases he does go. My information is that the facilities provided by the voluntary agencies and the Salvation Army, working in co-operation with the national employment service, are available to every prisoner who seeks them.

Mr. Macdonnell (Greenwood): Is the department able to keep track of these men and indicate the percentage of those who leave who are able to find employment and sustain themselves?

Mr. Garson: We get periodic reports from these societies on the men who are in course of re-establishing themselves. That may continue over such period as the agency thinks it is proper to keep us advised. I do not think we can take figures disclosed by a mass of these reports and treat them as statistics. There is not only the follow-up system after discharge, there is the psychological aspect of the treatment which commences from the time the man enters the institution. The classification officer, the psychiatrist and the chaplain are all in contact with the man during his prison life and that contact is maintained by these voluntary agencies after his discharge.

Mr. Macdonnell (Greenwood): The minister should be able to state how many avail themselves of the services offered by these voluntary agencies when they leave.

Mr. Garson: I do not think we have any statistics on that. My hon. friend is a past master in statistics, if he will permit me to say so, and he knows that if you are going to use figures for statistical purposes they must possess accuracy. We cannot always get figures of that sort.

Mr. Macdonnell (Greenwood): Can the minister not say whether it is 25, 50 or 75 per cent?

Mr. Garson: I am afraid we could not supply my hon. friend with those figures. The figure I gave on recidivism should reflect that. When a man does not come back to the penitentiary it indicates in most cases that he has got himself established.

Mr. Fleming: Near the bottom of page 229 is an item "grants to recognized prisoners' aid societies, $35,000". Will the minister indicate how that sum is to be distributed.

Mr. Garson: For the year 1951-52 the following contributions were made:

Canadian penal association, ...	$1,000
John Howard society, Nova Scotia, ...	1,000
John Howard society, New Brunswick ..	1,000
John Howard society, Quebec	1,750
John Howard society, Ontario	7,000
John Howard society, Saskatchewan ...	1,000
John Howard society, Alberta	2,000
John Howard society, British Columbia..	3,000
John Howard society, Vancouver island	500
Société d'orientation et de rehabilitation sociale	5,000
Service de readaptation social, inc., Quebec	500
Salvation Army aid service	2,000
Canadian welfare association, Winnipeg	3,000
Catholic rehabilitation service, Montreal	250
	$29,000

Mr. Fleming: The amount spent was $29,000; the item last year was $35,000. Does that mean there was $5,500 that was appropriated and was not distributed?

Mr. Garson: That is right.

Mr. Fleming: You are asking for $35,000 again this year. How do you propose to distribute it?

Mr. Garson: That will depend upon the reports we get. The grants are proportionate to the service received. We pay this out in proportion to the reports we get from these societies, and they will determine the amount we pay. We estimate that it will not exceed $35,000, and that is the significance of that figure.

Mr. Fleming: You estimate that it will or will not exceed $35,000?

Mr. Garson: We estimate that it will not exceed that. We provide that so we will be able to meet all claims.

Mr. Noseworthy: Have any of these societies received compensation for prisoners who are released on parole in their charge? Quite often prisoners are placed on parole in charge of the officer of some society that is aiding prisoners. Is any payment made by the government for that?

Mr. Garson: No, not for paroled prisoners.

Mr. Browne (St. John's West): Is there any vote there for the John Howard society of St. John's, Newfoundland? If there is not, could that society make application for it?

Mr. Garson: That is one of the reasons we put a little extra money in this year.

Item agreed to.

185. Operation and maintenance of penitentiaries, including supplies and services relating thereto; administration, operation, repair and upkeep of buildings, works and equipment; maintenance, discharge and transfer of inmates; compensation to discharged inmates permanently disabled while in penitentiaries, $7,963,398.

Mr. Fleming: In the details on page 232 there is an item about half way down the page, "gratuity to retiring officers, $21,000". What is the nature and basis of the gratuities to retired officers of the penitentiaries?

Mr. Garson: This is a provision which is made for employees who, for one reason or another, did not elect to be contributors to the pension plan, and for whom a cash bonus is paid in a lump sum upon retirement.

Mr. Fleming: What is the basis of the gratuity?

Mr. Garson: For the first full five years of service it is half the monthly salary. Then for each year after that it is one month's salary.

Mr. Fleming: This, I gather, is entirely non-contributory on the part of the officer concerned?

Mr. Garson: That is correct, but it involves the state in a smaller expenditure than if the officer had elected to take pension.

Mr. Fleming: What is the reason for allowing these persons to elect not to participate in the regular contributory pension? Is it because they are recruited into the service at an advanced age, or what is the reason?

Mr. Garson: This is a hangover from the pre-pension period. Pensions have been compulsory since 1924, and these are a few individual cases that are a hangover from before that time.

Mr. Fleming: Are they all retired now, or are some still in the service?

Mr. Garson: There are still a few. As the hon. member can see, in relation to the entire service there are very few.

Mr. Noseworthy: Can the minister give us more details about the item on page 233 for construction and improvements—

The Chairman: Those are related to item 186. Shall we carry item 185?

Mr. McLure: No. With reference to Dorchester penitentiary, I notice that the cost is nearly a million dollars, is it not?

Mr. Garson: That is the operation and maintenance cost. Is the hon. member looking at page 232, down toward the bottom of the page, the details for operation and maintenance of the penitentiary, $960,708.

Mr. McLure: That is the total cost of running that penitentiary, is it?

[Mr. Garson.]

Mr. Garson: That is right; it is the total cost of operation and maintenance.

Mr. McLure: In connection with the purchase of food supplies, have you a regular purchasing agent?

Mr. Garson: Yes, we have a regular purchasing agent for everything.

Mr. McLure: You mean a government agent, of course?

Mr. Garson: He is a full-time member of the department. The hon. member, if he reflects upon it, will see that this man has a very big job superintending the purchase of supplies for all these institutions.

Mr. Pouliot: If he does not change the menu, then he has simplified his job. What is the menu of the prisoners in penitentiaries besides porridge?

Some hon. Members: Carried.

Mr. Pouliot: No, it is a serious question. When there are difficulties in these places, members of parliament should be in a position to answer their constituents as to what food is given in the penitentiaries. I answer that it is good food, but I want to know what it is.

Mr. Garson: If the hon. member will excuse me for a minute, I shall answer a question that was asked a while ago. The breakdown the hon. member wanted concerning page 233, construction or acquisition of buildings and works, amounting to $1,090,400, is as follows:

Kingston	$ 62,575
St. Vincent de Paul	51,350
Dorchester	53,870
Manitoba	27,930
British Columbia	65,200
Saskatchewan	47,375
Collin's Bay	82,400
Federal training centre	699,700
Total	$1,090,400

The Chairman: Shall the item carry?

Mr. Pouliot: No, I want to know what it is the prisoners have to eat besides soup and porridge.

Mr. Garson: My information is that it varies from week to week and from penitentiary to penitentiary. We do not have a set of menus here tonight, but I could get one for the hon. member and send it to him.

Mr. Pouliot: I shall tell the minister that the commissioner is right there. He must have visited a penitentiary and must be in a position to state to the minister what food is given there. I know quite well that the minister is not supposed to know any more about it than I do. On the other hand, there is a gentleman in front of him who is paid

a very high salary by the state in order to give information when he comes here. If the gentleman is not in a position to tell the minister what food is served to the prisoners in the penitentiaries, it is of no use.

Some hon. Members: Carried.

Mr. Pouliot: No, not a bit of it. I want an answer to that question. If I get no answer, I will make another speech. There is no general who will prevent me from making a speech on it.

An hon. Member: Stand.

Mr. Fulton: Offer to table a menu.

Mr. Pouliot: What is it? Is it pepper and salt and mustard?

Mr. Garson: I think the difficulty here is this. I imagine that it would be quite an easy matter for the officials to guess as to what the breakfast was, what the luncheon was and so on; but they are both exceedingly scrupulous gentlemen and they do not want to give any information that is not absolutely correct. These menus vary from time to time. There is not a fixed, set breakfast every day, or a set luncheon or a set dinner. I think that much the most accurate way of getting the information would be to have a sample of a week's menu from the penitentiaries as a whole. I think I could file that on the orders of the day tomorrow, if that would be satisfactory.

Mr. Pouliot: I thank the minister very much. I appreciate what he has said. I am sure that tomorrow we will have it, but I am greatly disappointed not to have it tonight. I direct the minister's attention to the fact that the appointment of the commissioner was so greatly publicized throughout the country that it was expected that he would be able to inform the minister with regard to the food that is served at the penitentiaries when the estimates came before the house. But here he is in front of the minister and we have to wait until tomorrow in order to find out whether something more than porridge, bread and soup is given to the prisoners.

Mr. Knowles: We shall have fish here tomorrow.

Mr. Pouliot: No; I am serious about the matter. It may seem strange to some hon. members. We ask for some information. We have here the gentleman in charge, whose appointment has been greatly publicized; yet when we want some information, we cannot get it. I do not blame the minister, but I am greatly surprised that the commissioner general is not able to supply the minister with the information I want to have with regard to the food of the prisoners.

Mr. Noseworthy: I am afraid the minister did not grasp the purport of my question. What I wanted to know was the nature of the major new construction projects at these penitentiaries, the nature of the improvements and the new equipment that is being provided.

Mr. Garson: As my hon. friend will appreciate, the fact is that these amounts,—for example, for Manitoba the figure is something of the order of $27,000—are for small repair jobs and the like. I have the full details in a black book here and I shall be glad to show them to my hon. friend after the sitting this evening; but to read them into the record would, I am afraid, be a fairly long and tedious job. You can see from the amounts this book will show that there are no major construction jobs. Of the whole lot, the only one that was a large figure was that for the federal training centre at St. Vincent de Paul. All the rest are less than $100,000; and most of them are substantially less than that. It is just a matter of renovation, repair of plumbing and that sort of thing throughout these penitentiaries.

Item agreed to.

DEPARTMENT OF RESOURCES AND DEVELOPMENT

374. Departmental administration, $403,389.

Mr. Fraser: I should like to ask the minister for some information with regard to films. Under the details I notice that films are mentioned at pages 432, 434 and also 435. I wonder why he separates them like that? Can the minister give us an explanation? Can he tell us why he does not put them under one item?

Mr. Winters: The films are listed under the different branches of the department in order to give the maximum breakdown for each branch. They could just as easily be consolidated, but it seems to me that it is more informative to have a breakdown of each branch shown separately.

Mr. Fraser: If the minister will look at page 435, under national parks, he will see that he has films under administration. Should not that item under administration be under a separate department instead of under administration?

Mr. Winters: That is simply a heading in this particular case. It is not contemplated that any films will be made. It is just an item covering general advertising.

Mr. Browne (St. John's West): I should like to speak for a few moments about the inactivity or indecision of the department in arriving at a site for the national park in Newfoundland. I understood from the minister on previous occasions that we were considering

various sites. I mentioned to him the Salmonier area. I believe he has also had under consideration an area in the neighbourhood of Bonavista from which the Secretary of State comes, as well as an area on the west coast which was recommended by my colleague the hon. member for St. John's East.

I still think the Salmonier area is the best one for the national park because it is on the peninsula of Avalon which has the large portion of the population concentrated in close proximity. It is an attractive place for the people living in St. John's, and for visitors who come there. Visitors to that area are more numerous than in any other section of the country. I understand that a section of that area which was occupied by the provincial department of natural resources is now being vacated, and that the property they have managed there will be for sale. It might be worth considering in view of the fact that the place is well wooded, has numerous lakes, has a large quantity of wildlife and is exceedingly attractive from the point of view of holidaying.

Another matter I want to bring to the attention of the minister is the question of national historic sites in Newfoundland. I understand an organization has been formed which has been making certain researches into this matter. I should like to know whether anything has been done with regard to three places in the constituency of the hon. member for Trinity-Conception. I refer to Cupid's, Port de Grave and Bristols Hope, which are three of the most important places in Newfoundland, dating back to early in the seventeenth century when the first effort at colonization was made there. Of course St. John's takes precedence, being the place which was first discovered; and Bonavista has a claim to recognition, because it was the first place sighted in 1497. But Cupid's is the place where John Guy in 1610 attempted to found a colony. He lived there for several years, and afterward John Mason set up a colony in Bristols Hope near Harbour Grace, and there I believe the first white child in this great area from the Atlantic to the Pacific was born somewhere around 1621. These are places which should certainly be marked.

Then we have Ferryland, where Lord Baltimore attempted to found a settlement in 1622. Of course there is Placentia, which was the headquarters of the French government in Newfoundland, and which was also visited by one of the bishops from Quebec of whose diocese it formed part. I believe some mark has been placed in Placentia to notify people who visit there of its historic importance and its historic connections with the province of Quebec and the officials of Quebec. I wonder whether the minister can tell us anything about these three points.

Now with regard to the highroad. I note by the report of the minister for 1951 that very little had been done up to that time. When he replies can he tell us how much has been done during the year that ended on March 31, 1952? From the figures I have seen I am surprised at the slow progress that is being made in connection with it. Perhaps he can give us the reason for it.

Mr. Winters: I did not quite hear what the hon. member was speaking about in the last part of his remarks.

Mr. Browne (St. John's West): About the highroad, the trans-Canada highway. I had pointed out that, according to the report for 1951, only about 120 miles had been completed out of 4,000.

Mr. Winters: Well, Mr. Chairman, the first item raised was the contemplated national park in Newfoundland. I must inform the committee that the situation there is about the same as it was last year when the estimates of this department were before the house, and for the same set of reasons I enunciated then. A number of localities were reviewed. Under the arrangements by which national parks are established, the provincial government donates the property. We have not yet arrived at the stage where the government of Newfoundland has offered to donate any particular area for the purpose of a national park.

In the next item the hon. member referred to a number of potentially important historic sites.

Mr. Browne (St. John's West): Actually important, not potentially important.

Mr. Winters: Potentially important for consideration by the national historic sites and monuments board. I am able to inform the committee that the board is meeting in Ottawa at the present time. Most of these sites are before the board and are being considered at the present time. It remains to be seen whether they will be designated as being of national importance. That is why I used the words "potentially important as national historic sites".

Then with regard to the trans-Canada highway in Newfoundland, the last figures we have show that as of May 24, 1952, the total commitment for contracts in the province of Newfoundland is $5,116,372.90. Canada's share, being exactly half of that, is $2,558,-156.45 and to date Canada has paid to the government of Newfoundland $1,960,365.79.

Mr. Browne (St. John's West): Can the minister give that in terms of mileage? What mileage has been approved?

Mr. Winters: Might I suggest that we could make a little more progress if we followed the items through vote by vote. That would save me searching ahead for the answers to various questions.

During the fiscal year 1951-52 contracts were awarded in Newfoundland for the grading of 28 miles. There was no paving; they were not at that stage. Some 12·4 miles of grading have been completed. That is the program as I have it.

Mr. Browne (St. John's West): What is estimated to be done in the coming year?

Mr. Winters: I wonder whether we might wait until the trans-Canada vote is before the committee, and I shall give it then.

Mr. Knowles: Before we leave this item can we have the picture made clear as to when we shall be able to discuss housing in the committee of supply? I have in mind the fact that certain items have been referred to the committee on banking and commerce. That does make it a bit difficult to discuss housing now. I am sure we would be willing to wait until a later date if we could have the assurance that if we do we shall be able to discuss all aspects of housing, and I would hope that on that occasion the minister will be prepared to give a statement on the matter.

Mr. Winters: I shall be glad to give that assurance. The reason we did what we did, and referred these items to the committee on banking and commerce was not to make it difficult for hon. members but rather to make it easy for them. We wish to give them an opportunity to consider all aspects of housing, including the votes before parliament at the present time. I might say that a number of hon. members spoke to me and asked that this might be done to make for better consideration of the items, since the committee was sitting anyway. When the banking and commerce committee reports the committee of the whole will have ample opportunity to consider the housing items.

Mr. Hodgson: In the details with respect to this item I see an amount for six editors. Who are these editors?

Mr. Winters: During the course of our operations we are required to turn out a considerable number of reports from various branches. As the name implies, these editors are the persons who edit the reports required to be turned out from time to time.

Mr. Hodgson: The department must have a great number of reports if six editors are required.

Mr. Winters: We do have a considerable number.

Mr. Hodgson: Is the minister sure that his department is not doing some advertising for the benefit of the government?

Mr. Fleming: I would direct the minister's attention to the total for the whole department as it appears at page 56 of the estimates. It indicates that last year the total appropriation for the department was $37,591,865, whereas for this year it is $37,180,066, which would indicate superficially a decrease of $411,799. However, I think the committee should be told the actual expenditure by the department during the fiscal year 1951-52. I presume the actual expenditure is now known and available.

Mr. Winters: We have not yet the complete figures from the treasury audit, but should have them shortly. I shall be glad to communicate them to the hon. member as soon as they are received.

Mr. Fleming: Can the minister not tell us now the total expenditures and the total commitments at the last known date? It has always been possible to arrive at reasonably close calculations of expenditures of a previous year. If it is not actually known, then it is simply a matter of adding the total known expenditures and the estimated obligations for the balance of the fiscal year.

Mr. Winters: The hon. member will notice that in the breakdown shown at page 432 estimates of actual expenditures are shown against the vote. At the present time we do not have the consolidation, but we should have it within the next 10 days or two weeks. If when we are considering supplementary estimates the hon. member wishes to have that information, I believe I could provide it for him.

Mr. Fleming: Surely some information is now available. These estimates were compiled some time ago, and they indicated the known expenditures at the date of compilation plus the estimate of the amount required to meet expenditures to the end of the fiscal year. As months have passed in the interval, I presume the amount of known expenditures has increased, while the amount of estimated obligations to the end of the fiscal year would have decreased accordingly. Surely a figure is available now. When we reach the first item in a department we should know the true position, and have a true comparison of proposed expenditures. For example, we are

asked to vote for this department the sum of $37,180,066. The amount set out here would appear to be a slight reduction when compared with last year's figure. I am satisfied, however, that if we have before us the figures showing actual expenditures last year the amount sought by way of appropriation this year will represent a considerable increase.

Mr. Winters: In the first place, I think if we are going to be fair in our approach to the problem we should compare actual expenditures with actual expenditures, and not compare actual expenditures for 1951-52 with estimates for 1952-53; and we are not in a position to provide the hon. member with actual expenditures for 1952-53 until the amount will have been spent. As I said before, the treasury audit has not yet been completed; and while I could compile from estimated figures the approximate total the hon. member wishes to have, I could not give it to him on the basis of any audited figures because the treasury audit has not yet been completed.

Mr. Hodgson: I see that in every item there are allowances ranging from $25,000 to $68,000 for increases in pay. Does the minister expect to give increases in pay to the civil service?

Mr. Winters: Those are the last increases and allowances effective from December 1.

Mr. Gillis: I know all the housing items are going to stand over until the matter has been discussed in the committee. Will the committee now studying housing also take into consideration the matter of restoring the regulations permitting supplementary loans? I would focus the minister's attention upon this matter because, in the general shuffle of considering housing, it might be lost.

Mr. Winters: With all due deference to the hon. member I feel I must rise to a point of order. This afternoon the items in question were referred to the committee on banking and commerce, and are therefore not before us at the moment.

Mr. Gillis: I said I knew that had been done. But does the minister consider the question I am asking him is part of the general housing problem to be discussed before that committee?

Mr. Winters: Yes, that may be discussed before the committee.

Mr. Gillis: I am just reminding the minister about it, because I shall be making some further inquiries.

Item agreed to.

[Mr. Fleming.]

National parks branch—

375. Branch administration, $23,545.

Mr. Pearkes: In the report of the Massey commission attention is called to the fact that Canada has no adequate botanical gardens. It goes on to say that in this deficiency Canada is unique among the advanced countries of the world. I have a list prepared which sets out where some of the principal botanical gardens are located, and which supports this statement of the Massey commission. The first one on record is at Pisa in Italy, which was established in 1534. That was followed quickly by others in Oxford, England, in 1621; Chelsea, in 1673; Paris, France, in 1635, and so on. The result is that practically all the principal countries of the world have botanical gardens. The Massey report goes on to say at page 325:

> A general collection or collections of all types of plants is needed not only for the pleasure and instruction of citizens but for scientific purposes.

Then it goes on to say that from the economic point of view it is not likely there could be one botanical garden established in Canada which would serve all purposes, because of our varying climatic conditions. Actually there is a small botanical garden at the present time in Montreal, and there is what is known as the royal botanical garden in Hamilton. I know the historical society of Victoria made certain definite recommendations to the Massey commission suggesting that a most suitable place west of the Rocky mountains would be the southern end of Vancouver island, where we have climatic conditions which are unequalled the world over for the growing of a large variety of flowers, bushes and trees.

Not only from the point of view of pleasure but from the point of view of the development and application of the science dealing with shrubs and plants to the industries of Canada, the government would certainly be warranted in following the recommendation made by the Massey commission and establishing these botanical gardens as soon as possible. Has any consideration been given either to the establishment of one central botanical garden, which is not recommended in this report, or to granting assistance to existing or projected botanical gardens throughout Canada? I should like to inform the minister that consideration is being given by a number of horticulturists on the southern portion of Vancouver island to the establishment there of a botanical garden. They hope the government and the minister will see their way clear

to assist in the establishment of that garden. Can the minister say whether any progress has been made along these lines?

Mr. Winters: I thank the hon. member for raising this very important subject. I too have been reading the report of the Massey commission, and I see that on page 326 its first recommendation is as follows:

> That there be established in the Ottawa area a national botanical garden under the Department of Agriculture; and that the federal government assist in the establishment or support of other botanical gardens in certain of the various climatic regions of Canada.

Therefore if the government follows the report of the Massey commission this will be something to be dealt with by the Minister of Agriculture. The Prime Minister indicated yesterday that step by step the government does intend to implement the various recommendations of the Massey commission. I can only say to the committee now that I am very glad to have these views expressed by the hon. member, and I assure him that they will be borne in mind.

Mr. Lennard: If and when the government do consider the support of botanical gardens, I would urge them not to overlook the royal botanical gardens which have been established in the Hamilton area in connection with McMaster university. I would also suggest that I do not think the Department of Agriculture is the one to deal with this very important matter.

Mrs. Fairclough: I should like to add a word to what the hon. member for Wentworth has said because this is a matter with which I have had considerable experience, inasmuch as it comes under the jurisdiction of the parks board of the city of Hamilton. This particular botanical garden is not only a plant life but also a wildlife preserve. Not only does it provide for the production and development of various types of animal and plant life but, as the hon. member for Wentworth has said, it has been the means by which McMaster university has carried on much of its scientific research in these fields. I know that the work of the garden has been seriously hampered for many years through lack of funds. Every year when the parks board estimates come up for review by the city of Hamilton there is a great plea for additional funds to carry on the work of the royal botanical garden, and of course there is nothing but the one mill provided under provincial law for the carrying on of all the work of the parks board of which the royal botanical garden is but a small part.

Like the hon. member for Wentworth, I believe this is not a matter for the Department of Agriculture because of the various activities carried on in the royal botanical garden, and I am quite sure that if it is assigned to that department the operation will not be carried out as efficiently as it should be.

An hon. Member: You should bring in fisheries too.

Mr. Winters: One of the controllers of Hamilton is in town, and I understand that he intends to speak to me tomorrow about this very important matter. While I am on my feet, and since so many of my colleagues are headed for Halifax for what I am sure will be a very pleasant week end, I should like to draw the attention of the committee to the very fine Halifax botanical gardens which are maintained by the city. They are known as the public gardens and I am sure our colleagues will enjoy them during the week end.

Mr. Lennard: With respect to the royal botanical garden at Hamilton, there is marine life in that garden which certainly would not come under the Minister of Agriculture.

Mr. Winters: I simply said if he did it he would do it well.

Mr. Bryce: I should like to ask the minister if he has had any consultation with the provincial governments concerning the depredations committed by wildlife located in the national parks. The provincial government does not have anything to do with it. It is nice to have elk, deer and so on, but if they are going to come out of the parks during the wintertime and eat the farmers' crops something should be done about it. I know that over fifty people had their crops destroyed to the extent of 25, 50 or even 100 acres by these animals from the park. Has the farmer any right to sue? He cannot shoot these animals because then he is up against the mounted police. They are on guard to see that nobody shoots them. I think something should be done about it because what is the good of growing a crop merely to feed it to animals you look at in the park?

The Chairman: May I suggest that perhaps the answer to this question might more properly be given on item 379?

Mr. Bryce: I thought I would ask the minister now when he was in good humour.

Mr. Winters: I am always in good humour.

The Chairman: He will probably still be in good humour on item 379, and the chairman too.

Mr. Dinsdale: There are two matters under this item that interest me. The first has to do with the disappearance of an item from the estimates this year. I spoke on this matter on March 17 last, so the facts are before

members of the house. I refer to the grant of $15,000 that was made available to the international peace garden on the Manitoba-North Dakota boundary. My reason for raising this inquiry tonight is to see if I can discover the present status of the international peace garden. I think the minister is well aware of the facts. Various representations have been made, and they are endeavouring to cope with the emergency that has resulted from the withdrawal of support for the current year.

As I pointed out on March 17 the garden, which has been under way since 1932, had reached a crucial point in its development. In a matter of two or three years it would have been completed successfully provided this support had been maintained. I further pointed out that it had great potentialities, and as a matter of fact it has already demonstrated that it is a significant tourist attraction. There is a paved road now through the garden and a new customs building is to be established. The money is provided in the estimates for the current year. With the completion of the highway and the enlargement of the customs facilities tourist traffic is going to increase tremendously because of the significance of the international peace garden. It is beginning to be recognized as an international shrine and has tremendous appeal to United States tourists. I know there are other hon. members who are interested in the fate of the peace garden grant and who have made representations along these lines. That is the first item I wish to bring to the minister's attention.

The second point is the increase in the schedule of camping fees in the national parks. This increase has been right across the board. As a result of a question I asked I have discovered that in most cases the increase in camping fees has been 100 per cent. I should like to know whether this increase is due to greater costs and the prevailing high prices, and whether the parks were able to pay their way under the old schedule. In other words I am wondering whether it was financially necessary to increase these national parks camping fees.

As I understand it, the national parks were established originally in the early thirties and designated as the people's playgrounds. There is a feeling that the parks are being commercialized, and this has been dealt with editorially by such famous columnists as Jack Scott. As an example, some of the citizens of Brandon who use the facilities of the Manitoba national park at Clear lake have been in the habit of establishing their tent houses in the tourist camp in May in order to hold the site. They pay the weekly rental through the entire season to the end of September, which represents an investment of some $40. This is considerably higher than the taxes paid by the more prosperous citizens who are able to build cottages in the park. I should like to know whether this increase has been necessitated by losses in the operation of the parks or whether it is an attempt to supplement income for improvements and so forth.

I understand a charge of $1 is made for commercial vehicles travelling through the parks and I should like to know whether that requirement could be met on the basis of an annual licence.

Mr. Fulford: Mr. Chairman, I should like to say a few words about the St. Lawrence national park. The hon. member for Brandon referred to the international peace garden, and I should like to mention that for many years there has been a movement in Ontario, the county of Leeds especially and at the section crossed by the Thousand islands bridge, to establish a national peace park. At times this movement has had considerable impetus; at other times it seems to drag, and we do not hear much about it.

As the committee are probably aware, the Thousand islands bridge was opened in August, 1938. It crosses one of the most beautiful sections of the Thousand islands in the St. Lawrence river. The Canadian span has piers in no less than two of the St. Lawrence national parks. As the bridge ends on Hill island it crosses a road about three-quarters of a mile long to the Canadian customs. There is then one of the shortest international bridges in the world, a bridge less than sixty feet in length which crosses the international border. The route then passes on to beautiful Wellesley island in the state of New York. The bridge was opened by the late President Franklin Delano Roosevelt and our late Prime Minister, Right Hon. William Lyon Mackenzie King. On that historical occasion Mr. Roosevelt made his famous statement about the waters of the St. Lawrence. He said that while these had always divided the two countries he hoped that in the near future they would serve as a closer bond between the two countries. He was referring to the St. Lawrence seaway and power development.

Not only is this Thousand islands section of the St. Lawrence river one of the most beautiful on the continent, it is very important historically. I for one would hate to see that splendid idea of creating an international peace park at this place dropped. My purpose in rising tonight is to remind the minister and the committee that this is a project which is too important to be forgotten. It

concerns sections of Canada and the United States which have great historical interest.

I understand that at one time our national parks branch had prepared elaborate and beautiful plans for this park. I understand also that at one time the state of New York was co-operating closely in the project. Then the war came along and the plans were forgotten. They were revived again after the war, but of late little has been heard of this scheme on either side of the border. I might say that originally the plans called for an international golf course, nine holes to be in Canada and nine holes in the United States, with two water holes where you would drive back and forth across the international boundary, or you would if you were lucky. This matter is of such importance that I want to bring it before the committee for the consideration of the minister and to have it on the records that this great project be not forgotten.

It has been my custom in recent years to mention our St. Lawrence national parks and what they have meant to the people, and at the same time to urge the department to set up similar parks along the Rideau river. These are not large parks like Jasper or Cape Breton island; they are small parks which can be enjoyed by the general public. They have pavilions, bathing facilities, docks and stoves, and I know of no other place where the public enjoy themselves more.

I have felt for years that parks similar to the popular ones on the St. Lawrence should be established in the Rideau district. If the hon. member for Lanark were here I know he would support me, because I have spoken to him about it. Part of the Rideau lakes are in his riding, part in my riding and part in the riding of the hon. member for Frontenac. Actually there are natural facilities, the property of the dominion government, which could be easily converted into national parks similar to those on the St. Lawrence. There are various places in the county of Leeds, although actually they are used more by the people of Lanark, that could be made into national parks. There are other equally admirable sites which could be magnificent parks at Rideau Ferry, another one at The Narrows; another one at Foster Lock; another one at Chaffey's Locks, and so on all the way from Smiths Falls to Kingston. I urge the minister that a survey be made with the idea of establishing these parks along this great and beautiful waterway which connects the capital of Canada with the city of Kingston.

This section of the country is also of great historical importance, but most important of all it would appear to be an ideal spot to which to bring families to enjoy to the utmost the magnificent scenery which is found in that part of the province. It would be a great boon to the people living in the city of Ottawa. I understand there are excursions which run from Ottawa to the Rideau lakes by bus, and from Smiths Falls through part of the waterway by motorboat. If it were possible to have these national parks established around the right of way, it would make another section of Canada that would afford great pleasure to the public. Not only would the people from this immediate district go there, but also people from eastern Ontario and part of the province of Quebec. I go further and say that it would be a great attraction to tourists from the United States.

Mr. Fraser: Mr. Chairman, the Rideau has been mentioned so I think the Trent should be mentioned also. In the Trent system we have 250 miles of lakes and rivers. There are many beautiful spots along the Trent where government lands have, in some cases, been beautified by the people of the area so the public can enjoy the scenery of the Trent. We have clear running water in Trent right from Georgian bay down into lake Couchiching, into Pigeon lake, Clear lake, Stony lake, into lake Katchiwanooka, into Rice lake, and eventually down into the bay of Quinte, out through the Murray canal into lake Ontario, or going the other way along through Adolphus strait to Kingston. This is the most beautiful section of scenery in the whole country.

Mr. Fulford: One of the most beautiful.

Mr. Fraser: The most beautiful. I feel quite sure that if the Rideau is ever considered, then the Trent must be considered along with it. I may say that engineers from Pakistan have been through the district studying navigation, the dams and locks, in order to instal a navigation system in that country. They did see the Rideau, but because it was old-fashioned they turned to the Trent.

Mr. Knowles: Mr. Chairman, I listened with considerable interest to the remarks of the hon. member for Leeds, particularly when he was making a case for financial assistance to make possible an international peace garden down in the Thousand islands area. The project, as he outlined it, did seem most commendable. I should like to point out, in support of the hon. member for Brandon who has also mentioned the matter tonight, that before one tries to persuade the government to spend money on something that has not yet been started, perhaps we should get together and try to persuade the government not to discontinue a grant we have had for a number of years for the international peace garden on the southern boundary of Manitoba, south of the city of Brandon.

To me it is a piece of irony, almost an affront, that in the estimates, the section with which we are now dealing, there should be this wording, "Appropriation not required for 1952-53, $15,000." When one turns over to page 440 to ascertain what it is for which the appropriation is not required, one finds it is a grant in aid of the development of the international peace garden in Manitoba. I know, Mr. Chairman, that is simply the technical language that is employed in the book of estimates to indicate that the estimate has been dropped. But I submit that the language is completely in error. The appropriation is required. We from Manitoba regret that the minister and the government have dropped it, despite all the representations that have been made, I believe by every member of parliament for Manitoba as well as by many organizations in our province that are interested in this project.

I hope that tonight the minister, when he heard an appeal for an international peace park on the St. Lawrence, had a feeling that his sins were catching up with him, and decided he had better go back to the treasury board and request the re-institution of this $15,000 grant for the international peace garden in Manitoba.

Mr. Ross (Souris): I should like to say a word with respect to this international peace garden. It is not only south of Brandon; it is also south of Boissevain which is in the riding I have the honour to represent. Like the other members from Manitoba, I have taken this matter up on several occasions, as well as having made a speech on it earlier in this session. Certainly, as was pointed out by the hon. member for Winnipeg North Centre, the language in the estimates is most inappropriate. I am personally acquainted with a number of the officials of the international peace garden, and I can assure you they are having great difficulty in raising money to carry on the development in that area. We are very much disappointed that the minister has not seen his way clear to continuing this worth-while grant. It was badly needed, not only for maintenance but for the development of what I think is one of the most worthy projects in this dominion.

The United States government have been making a fairly handsome grant towards the operation of this international peace garden, which is on the international boundary, just about half way across this country, approximately in the centre of North America. It is a very fine situation. I hope that the minister will see fit to re-enact this grant which is so badly needed for this fine project.

Mr. Bryce: I have just one question. I want to endorse what my Manitoba colleagues have said in connection with the peace garden. What I should like to ask the minister in connection with these parks is this. Has there been an extension of electricity into two or three more streets? Previously I drew the attention of the minister to the fact that they are using gasoline lamps and coal oil lamps there, and that this is a dangerous practice. You have electricity there. You could avoid a tremendous fire by extending electricity to a few more streets in order to accommodate the camps that are set up there.

Mr. Churchill: Mr. Chairman, would you call it eleven o'clock? I wish to speak on the same subject.

The Chairman: Could we not dispose of these items with regard to parks?

Mr. Ross (Souris): The hon. member for Winnipeg South Centre wishes to speak on the matter, and we should like to have a reply.

Mr. Knowles: The minister could dispose of the matter by putting in $15,000.

Mr. Winters: If the members of the committee wish me to do so, I will answer some of these questions now.

Some hon. Members: Eleven o'clock.

Mr. Winters: If hon. members wish to call it eleven o'clock, that is all right.

Mr. Churchill: I have something to say on the same subject.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will consider the estimates of the Department of Defence Production and the remaining items in the Department of Trade and Commerce. Then we will try to complete the estimates of the Department of Resources and Development. Then if time permits, and if it is agreeable to hon. members, we will take up the estimates of the Department of Public Works.

Mr. Fleming: It is perfectly agreeable.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF JUSTICE

175. Administration of justice—miscellaneous expenditure, including expenses of litigated matters, $21,200.

Supreme Court of Canada—

176. Administration, $165,216.

Exchequer Court of Canada—

177. Administration, $98,177.

Yukon Territorial Court—

178. Administration, $12,590.

Other courts—

179. Payments of gratuities to the widows or other dependents of judges who die while in office, $15,000.

180. Combines investigation branch, $261,055.

181. Bankruptcy Act administration, $42,219.

General—

182. To provide for the revision, classification and consolidation of the public general statutes of Canada, $172,600.

183. To provide for the revision of the criminal code, including payment of $25,000, notwithstanding section 37 of the Judges Act, 1946, as amended, of honoraria for services rendered during the years 1949, 1950 and 1951, to the following commissioners of the criminal code revision commission: Chief Justice William M. Martin, Regina, Sask., Honourable Mr. Justice Fernand Choquette, Quebec City, P.Q., His Honour Judge Robert Forsyth, Toronto, Ont., H. J. Wilson, Q.C., Edmonton, Alta., Joseph Sedgwick, Q.C., Toronto, Ont., $35,500.

B—Penitentiaries—

Office of the commissioner of penitentiaries—

184. Administration of the office of the commissioner of penitentiaries, including $35,000 for grants to recognized prisoners' aid societies, as may be approved by the governor in council, $338,771.

185. Operation and maintenance of penitentiaries, including supplies and services relating thereto; administration, operation, repair and upkeep of buildings, works and equipment; maintenance, discharge and transfer of inmates; compensation to discharged inmates permanently disabled while in penitentiaries, $7,963,398.

186. Construction, improvements and new equipment, including provision for the establishment and construction of a new institution in the province of Quebec for the confinement and reformation of federal prisoners, $1,383,474.

DEPARTMENT OF RESOURCES AND DEVELOPMENT

374. Departmental administration, $403,389.

HOUSE OF COMMONS

Friday, May 30, 1952

The house met at three o'clock.

REDISTRIBUTION

BOUNDARIES OF RIDINGS IN BRITISH COLUMBIA—STATEMENT IN VANCOUVER "PROVINCE"

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I rise on a question of privilege. I base it on citation 198 of Beauchesne's Parliamentary Rules and Forms, third edition, dealing with with statements referring to members of a committee of this house. There has just come to my attention an article appearing in the Vancouver *Province* of May 26, 1952, over which there is the heading, "Redistribution Pattern Appears". There is in this case no map in the paper as there was in another case but there is a very complete and detailed description of the proposed changes in the boundaries of constituencies in that province. Not only is there a detailed description but there is a statement that the changes in boundaries of some of the ridings have been agreed to by the members of the British Columbia subcommittee. I want to make it clear at the outset that as a member of that subcommittee I have not agreed to any such changes as outlined here. The article states:

Boundaries of the latter—

The reference is to one of the proposed new ridings.

—are far from settled by the B.C. subcommittee of the house committee on redistribution. But the outline of the former—

That refers to another proposed change.

—is fairly well set. It will run across Vancouver from east to west between the present Vancouver South and Vancouver-Quadra ridings—

Mr. Speaker: Order. I doubt whether this is a question of privilege that should be raised at this time in the house. The hon. member apparently is referring to certain matters that have taken place in the committee.

Mr. Fulton: No, Mr. Speaker. Might I be allowed to direct Your Honour's attention to the fact that I am not referring to something which took place in the committee but rather to a report outside to the effect that the committee has agreed on something which it has not agreed upon at all. In other words, the report is saying that something has taken place in the subcommittee which has not taken place.

Mr. Speaker: Order. I do not think that is a question of privilege to be raised at this time in the house. If it is an inaccurate report the hon. member can say that it is an inaccurate report, but I do not think I should allow a long statement with respect to it at this time. The committee is sitting and the inaccuracy can be corrected at the sittings of the committee.

Mr. Fulton: On a point of order, I would refer Your Honour to citation 198 which reads:

Scandalous charges or imputations directed against members of a select committee are equivalent to libelous charges brought against the house itself . . .

The point of order is that I have been charged with having agreed to something in that committee—

Some hon. Members: Oh, oh.

Mr. Fulton: —which I have not agreed to.

An hon. Member: Lèse-majesté.

Mr. Fulton: Some of the proposed charges certainly are scandalous.

Mr. Speaker: Order.

Mr. Fulton: What I wish to raise by way of privilege is the fact that I have not agreed. I want to make it clear that I have not agreed to most of the changes outlined.

Mr. Speaker: I think the hon. member has done that now.

Mr. Fulton: On another question of privilege directed to the same subject, I want to say that as a member of the house I feel if there are detailed changes to be made which are apparently within the knowledge of the Liberal members of that subcommittee then they should be made known first to that subcommittee and not to the press outside of the house.

Mr. Knowles: Hear, hear.

Mr. Speaker: Order. I think that matter should be raised in the committee, and not in the house.

EMERGENCY POWERS ACT

TABLING OF ORDER IN COUNCIL FOR CONTINUANCE OF ACT

Right Hon. L. S. St. Laurent (Prime Minister): I should like to lay on the table

two copies of order in council P.C. 3197, dated today, based upon the resolutions of the houses of parliament and giving effect to them in extending the duration of the Emergency Powers Act up to and including the 30th day of May, 1953.

PENITENTIARIES

TABLING OF COPIES OF MENUS FOR WEEK ENDING MAY 24, 1952

Hon. Stuart S. Garson (Minister of Justice): Last night in the committee of supply, Mr. Speaker, I undertook wih the hon. member for Temiscouata (Mr. Pouliot) to table the most recent menus for the week ending May 24, 1952, received at headquarters from the penitentiaries of Canada. I do so now.

Mr. Pouliot: I thank the minister, and the menu is excellent.

BEEF

ANNOUNCEMENT OF CONTINUATION OF FLOOR PRICE

Right Hon. J. G. Gardiner (Minister of Agriculture): Before motions are proceeded with, Mr. Speaker, I desire to make a statement concerning the floor price on beef cattle. I am pleased to be able to inform the house that the floor price for cattle now in effect will continue without change until at least September 1. Hon. members will recall that when the floor price was announced on April 9, the price of 25 cents a pound for good steers, basis delivery at Toronto and Montreal, was to continue in effect until July 1. It was indicated also that the price would be reviewed before June 1, and a further announcement would be made to be effective during July. It was suggested at that time that the matter would be again reconsidered from month to month. I am now suggesting that it will not be reconsidered until September 1, and that the floor price will remain on the same basis until that date.

In view of favourable developments in the marketing of cattle and the sale of meat, it has been decided that the price can be made firm until September 1. The developments to which I refer are, first, that cattle marketings are running at about 25 per cent below the level of last year to the same date. This indicates that farmers are co-operating fully by withholding from market cattle which might normally have been offered for sale; secondly, under the beef exchange agreement with Great Britain and New Zealand it now appears that we can deliver substantially more beef than was first expected. This is due to the fact that New Zealand, after reviewing their prospective cattle marketings for the balance of the season, have indicated that the quantity of beef available for diversion might approximate 80 million pounds as compared with the original estimate of around 50 million. Eighty million pounds of beef is equal to about 160,000 cattle of average weights as marketed in Canada.

I might add that beef already purchased or offered by the trade amounts to nearly 18 million pounds. Shipping space has been booked and other arrangements made for the orderly delivery of this beef to Great Britain. While no actual deliveries of New Zealand meat have yet been made to United States markets, diversions have been ordered and it is expected that deliveries will be made within the next few weeks.

Another development of fundamental importance is that it is now nearly four weeks since the last known cases of foot-and-mouth disease were dealt with by slaughter and burial. It is expected that by the end of this week all 42 premises on which infected or in-contact animals had been slaughtered will have been disinfected for a second time. The placing of test animals on a number of the premises will begin next week. The test animals will be confined on the premises for a period of sixty days, during which they will be kept under close observation and the premises will, of course, be kept under close quarantine. The fact that the disinfection and testing procedures have reached this stage gives reasonable ground for the belief that the disease is under control.

I think I should add that the control procedures have been under continuous observation by veterinarians of the United States department of agriculture, and that we have every reason to believe that the United States authorities regard the work as having been done effectively.

May I conclude this statement by expressing a word of appreciation to the farmers and marketing agencies of the country who have co-operated so fully in regulating the flow of cattle to market. With a continuance of this co-operation, of which we undoubtedly can be assured, I am confident that floor prices can be maintained and that the cattle industry can look forward with confidence.

TAX AGREEMENTS

AMENDMENT OF CANADA-FRANCE INCOME TAX CONVENTION ACT, 1951

Hon. Douglas Abbott (for the Minister of National Revenue) moved for leave to introduce Bill No. 289, to amend the Canada-France Income Tax Convention Act, 1951.

Mr. Knowles: Explain.

Mr. Abbott: As the title of this bill implies, it is a bill to confirm certain proposed amendments to the Canada-France Income Tax Convention Act.

Motion agreed to and bill read the first time.

INDUSTRIAL DEVELOPMENT BANK ACT

COMMERCIAL AIR SERVICE

Hon. Douglas Abbott (Minister of Finance) moved the first reading of Bill No. 279 (from the Senate), to amend the Industrial Development Bank Act.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 278, to incorporate the National Dental Examining Board of Canada.—Mr. MacDougall.

Bill No. 280, for the relief of John Harold Roger Wright.—Mr. Winkler.

Bill No. 281, for the relief of Agathe Neubauer Landsberg.—Mr. Winkler.

Bill No. 282, for the relief of Norma May Attridge Chilton.—Mr. Winkler.

Bill No. 283, for the relief of Andrea Gendron Repper.—Mr. Winkler.

Bill No. 284, for the relief of Edith Bessie Franks Parsons.—Mr. Winkler.

Bill No. 285, for the relief of Annie Teresa Nash Pelltari.—Mr. Winkler.

Bill No. 286, for the relief of Mary Clemence Morice Waldbauer.—Mr. Winkler.

Bill No. 287, for the relief of John Gordon Smithers.—Mr. Winkler.

COMBINES INVESTIGATION ACT

TO PROVIDE FOR ADMINISTRATION—ESTABLISHMENT OF RESTRICTIVE TRADE PRACTICES COMMISSION, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Combines Investigation Act to provide for the administration of the act, under the Minister of Justice, by an officer to be known as the director of investigation and research, for inquiries to be made by the director, and for the appointment of such director, deputy directors of investigation and research, and such other persons as may be required; to provide also for the establishment of a commission to be known as the restrictive trade practices commission consisting of not more than three members appointed by the governor in council, for the appointment of temporary substitute members upon such terms and conditions as the governor in council may prescribe; and to provide further for the salaries, remuneration and expenses of the director, the commissioners, the officers, clerks, employees, temporary technical and special assistants.

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

Motion agreed to.

IMMIGRATION ACT

AMENDMENT TO CONSOLIDATE AND CLARIFY—TO PROVIDE FOR LOANS TO IMMIGRANTS, ETC.

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

That it is expedient to introduce a measure respecting immigration to amend, consolidate and clarify the Immigration Act, and inter alia to provide for the making of loans to immigrants in respect to the costs of their transportation, and living expenses en route, to their place of destination in Canada; to provide also for the payment, out of moneys appropriated by parliament, of the costs of transportation of divers categories of persons from Canada in certain cases.

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

Motion agreed to.

UNESCO

IMPORTATION OF EDUCATIONAL, SCIENTIFIC AND CULTURAL MATERIALS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs? What is Canada's stand with respect to the UNESCO treaty, which came into operation just a few days ago, concerning the removal of tariffs from books and similar items? Can the minister say whether we have signed the treaty? If not, why not?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the hon. gentleman was good enough to give me notice of this question, the answer to which is that we have not signed the treaty.

I might say that while the Canadian government is in sympathy with measures to promote and facilitate the international movement of educational, scientific and cultural materials, it has not been possible for Canadian representatives to agree with the

particular proposals embodied in this UNESCO agreement. This treaty or agreement unfortunately does not bind its signatories to remove protective restrictions embodied in their copyright laws or in their quantitative import controls. It would bind countries to abolish their tariffs, which in most cases are not the real obstacles to trade in these matters, while leaving the real obstacles untouched. Many of these educational, scientific and cultural items, I understand, already enter Canada free of duty, and the Canadian tariffs on the remainder are quite modest.

It is felt that it would be difficult to justify the complete removal of our tariffs at a time when other countries were retaining their own special forms of protection which would not have been touched by this treaty.

SUPPLY

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

DEPARTMENT OF DEFENCE PRODUCTION

79. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $7,332,492.

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Chairman, when introducing the estimates of the Department of Defence Production a year ago, I indicated that we were embarking on a three-year defence production program, and at that time I outlined in considerable detail the main segments of the program. Again in October, in this chamber, I made a fairly lengthy statement, and on March 31 tabled a report of the Department of Defence Production, covering the period April 1 to December 31, 1951. This report has been available to all hon. members for some time. In addition, a special committee on defence expenditures has been given a great mass of detail concerning defence procurement. In consequence, it is not my intention to describe once again the details of the program.

During the fiscal year 1952-53, present plans contemplate the expenditure by this department of $1,400 million of the moneys voted by parliament for the defence program. Last year at this time our estimated expenditure was some $1,100 million but, as you know, actual expenditures fell short of the estimate by about $200 million, owing largely to developmental and production problems at home and to delays in delivery of military items from abroad.

[Mr. Pearson.]

Our difficulties last year arose through delays in delivery of machine tools, and particularly to delay in securing drawings and specifications from the United States, especially those involving classified projects. Many of these problems have now been overcome to a large extent.

During the last fiscal year, our machine tool division placed orders for more than $31 million worth of machine tools. While this was a definite bottleneck last year, the situation today is materially improved. A substantial number of deliveries have been made and delivery schedules on outstanding orders are, for the most part, satisfactory. We have also secured most of the information necessary to enable us to decide whether we should undertake production in Canada of military items, or whether these should be procured from the United States or abroad.

With regard to security problems, particularly those related to the exchange of classified material, this country has recently signed a security agreement with the United States, under which we take responsibility for security measures in connection with classified U.S. orders placed in this country, and the U.S. government agrees to accept the same responsibility in that country. The agreement contains terms which facilitate the movement of classified material across the border, and enables manufacturers in either country to visit classified establishments in the other country.

Whereas 1951-52 was a period of preparation and organization, 1952-53 will produce actual deliveries and completed facilities.

Without going into details, I might refer briefly to our major production programs. First is aircraft, and the production of two types of jet fighter aircraft constitutes the major projects in this program. Current production of the F-86E at Canadair is twice the rate originally planned, and it is expected to be doubled again by the end of the year. As was announced, we have been able to make some of these aircraft available to the United States out of this year's production, and it is anticipated that further sales will be made out of next year's output. F-86E's will also be made available to the United Kingdom as part of our mutual aid program.

At A. V. Roe it has been necessary to completely design a new fighter aircraft and jet engine—something never previously undertaken in Canada—before production could begin. There has been a great deal of uninformed comment regarding this program, and I should like to put a few facts on the

record. First, let me say that we did not undertake the development of a new type plane and engine just to prove how clever we were or in a spirit of national pride. In general, I am quite satisfied to let others take on the headaches of developmental work in the aircraft field, while we specialize in the production of proven types.

In this case, however, there was no plane in existence that would, in the estimate of competent military authorities, be suitable as an all-weather fighter that could be used in the defence of northern Canada. The only alternative was to produce one in this country. This we undertook to do, and so far the record is reasonably satisfactory. I do not say that we have not had setbacks and delays; we have. However, in comparison to similar programs in other countries, we have made good progress.

For example, the complete design, development, and manufacture of the first CF-100 prototype was accomplished over a period of three years and four months, which was less by several months than the elapsed time to date of the first prototype test flight of the Hawker P.1067, or the Gloster GA-5, both of which are military-type aircraft produced by firms whose development facilities and experience greatly exceed those of A. V. Roe, Canada, Limited. Furthermore, the time required to produce and fly the first production model of the CF-100 compared very favourably with other aircraft of similar type.

Similarly, in the case of the Orenda engine, the two years and six months required from commencement of design to the first test-run was one month less than required for the Rolls-Royce Avon engine, and only a few months longer than required for development of the Sapphire by Armstrong Siddeley.

It is interesting to note just how much has been done in the A.V. Roe plant in the last three years. The following are some of the facts:

A.V. Roe completed the design and development of the CF-100 fighter between October 1946 and January 1950, a period of slightly over three years. They produced two prototype CF-100 fighter aircraft using United Kingdom Avon engines, and then developed the aircraft using Canadian Orenda engines. They produced one aircraft set of components for test purposes at national research council. In addition, they have developed a plastic canopy for high altitude operation and a satisfactory radome, which is a precision formed plastic nose for radar installation.

As far as the CF-100 aircraft is concerned, the company delivered the first pre-production aircraft in June 1951, which is now used by the company for continued testing and development. The second pre-production aircraft was delivered in October 1951. It was returned for modification owing to structural defect in the wing, but this has now been corrected. Two pre-production aircraft have been delivered to the R.C.A.F. and are now in use for training purposes. Three additional pre-production aircraft have been completed and are now in flight test by the company. Three more aircraft are completely assembled on the final assembly line, in process of equipment installation. The tenth pre-production aircraft is complete structurally and has been transferred to experimental shops for trial installation of certain airborne equipment.

Deliveries of the CF-100 under the main production contract are scheduled to commence in August, 1952. For security reasons, it would be inappropriate to review our planned rate of production, but I have every reason to believe that A.V. Roe will live up to our agreed production schedule, as long as certain electronic equipment can be secured from the United States.

The picture on the Orenda engine is even better. A.V. Roe completed design and development of the TR-5 Orenda engine between April, 1947 and March, 1950, a period slightly less than three years, including complete design and development of the smaller version of the Orenda which is used for test purposes.

They have produced twenty development engines, and ten sets of spare parts for development engines and have completed the 150-hour official type test on the Orenda engine in record time.

They have completed twelve pre-production engines for use in the CF-100 aircraft, and twenty-five sets of spare parts for these engines.

Sixteen Orenda engines on the main production contracts have been produced, and a further thirty-five engine sets completed and in process of assembly.

These few comments may serve to provide hon. members with some measure of the job that has been done by A. V. Roe. It is true that they have not fulfilled every optimistic forecast, but I am satisfied that a good job has been done and that within a few months they will be producing in excess of the schedules established earlier this year.

The other projects at Canadair, de Havilland, and Canadian Car and Foundry, are all progressing according to plan. As you know, a substantial portion of our aircraft program involves production for United States account. I have just had word that it is the intention of the United States

government to place another contract in Canada for a new type of trainer aircraft.

Mr. Green: How much will that involve?

Mr. Howe: I would not like to give the amount; the contract is not signed yet.

The shipbuilding program, as presently outlined for the three-year period, amounts to approximately a quarter of a billion dollars. The major project in the program is the construction of 14 destroyer escort vessels, which are primarily of Canadian design and will be almost entirely Canadian made. The propulsion machinery and some of the associated output going into these vessels is being made in Canada for the first time, adding considerably to industrial know-how, as well as to manufacturing facilities in this country. Another major part of the program is the 14 minesweepers now under construction for the Canadian navy which are among the most modern in design for this type of vessel. Three have been launched to date and an additional four will be launched within the next three months. The remaining vessels are expected to be off the ways by the end of the year.

The gun program has an estimated three-year value of approximately $130 million, and of this about $90 million will probably be placed with Canadian manufacturers. The major gun project is the production of the 3" 50 calibre naval gun at Sorel Industries. Deliveries will begin next month.

The first prototype gun has already been through its tests in Canada and has been delivered to the United States navy. It may interest hon. members if I read a wire sent by Admiral Schoeffel, of the United States navy, to the president of Sorel Industries Limited. I quote:

> Congratulations on successful completion of first mount. I went to the gun factory to see Sorel's first 3-inch 50 twin gun mount upon completion of its initial inspection there. Admiral Hannon, superintendent of the naval gun factory, met me with a broad smile on his face and said: "This set a record. It is the first gun mount manufactured outside of this factory that has ever in our history passed all inspection with flying colours on its very first submission." I extend my most hearty congratulations to United States navy inspection personnel and to the personnel of Sorel for this outstanding achievement in the production of a very complex and difficult item of ordnance. The naval gun factory personnel were loud in their praises of workmanship.

The plant of Sorel Industries, at Sorel, and the Longueuil plant operated by this company, will be the major contractors for all artillery produced in Canada, in order that the department may make full use of the highly-trained staff of gun experts that have been assembled in these two plants. In addition to the 3" 50 calibre naval gun, the program for these plants will include the 105 mm. and 155 mm. howitzer projects, the 155 mm. M2 gun equipment, and the 105 mm. recoilless rifle.

Other gun projects presently coming into production include the ·50 Browning M3 machine gun for the R.C.A.F. being built by Canadian Arsenals. Production lines are being set up in the Toronto area and deliveries are expected before the end of this year. Mortars are to be produced both for the navy and for the army, and deliveries of complete mortars are expected towards the end of 1952. Mortar production for the army has been delayed until recently by lack of specifications and drawings. The 3·5" rocket launcher is already in production in Canada.

The three-year ammunition program now amounts to a total about double that of guns and Canadian manufacturers will handle the great bulk of it. So far, four sizes of artillery shell, of United States design, are being produced in Canada for the Canadian forces. These are the 155 mm., 105 mm., 90 mm. and 3" 50 calibre shells. Three types of rockets are to be manufactured here, namely, the 3·5" rocket for the army, the 2·25" and 2·75" rockets for the R.C.A.F. The first two items are now in production and the 2·75" rocket should reach production next spring. The production rate for 40 mm. of United Kingdom design is now 60,000 rounds per month and there will be a continuing demand for this type of ammunition. Production at the rate of 10,000 rounds per month on the 100,000 rounds of 17-pounder shot for the United Kingdom will commence by September of this year. United States orders cover small arms ammunition, artillery cartridge cases, and 90 mm. shells.

Naval requirements for hedgehogs and squid projectiles, antisubmarine mortar projectiles and depth charges may amount to $12 million. Of this, some $6 million worth of orders have already been placed by the ammunition division. These are the principal natures of ammunition now being produced in this country, although consideration is being given to the manufacture of other types.

The mechanical transport program calls for the partial manufacture and complete assembly in Canada of three types of military vehicles, the ¼ ton 4 x 4, the ¾ ton 4 x 4, and the 2½ ton 6 x 6. Production of these vehicles is on schedule. However, the greater part of the tank-automotive program involves the procurement of all types of commercial vehicles, such as ordinary trucks and cars, buses, ambulances, fire engines, snow blowers, refuelling tenders and snowmobiles. The major items being procured abroad are armoured fighting vehicles. An order has

been placed with the United Kingdom for Centurion tanks and some of these tanks have already been delivered.

Electronics is our second largest program and some two-thirds of it will be placed with Canadian industry. One of the important segments of this program is in connection with the joint Canadian-U.S. radar screen covering the northern half of the continent. Canada is supplementing the joint screen by certain facilities designed primarily to safeguard this country and on this part of the program most of the necessary equipment will be in place within the next six months. Another large project involves the manufacture of proximity fuses in Canada for the first time. The largest single equipment being built is the No. 4 Mark VI early-warning radar set, being produced by Canadian Arsenals not only for the Canadian services but also for the United States, NATO and other allies. This is a large project involving a new assembly plant which has been constructed at Scarborough. The Canadian-designed one mile radio pack set is now in production in Canada.

A considerable number of other items are also in production but it is difficult to give details because of the complexity of the equipments and the high degree of security involved in this program. These items include naval and airborne radar and fire control systems, submarine detection devices, and other projects for the use of electronic controls in modern armaments. Wherever possible, consideration is given to expanding the production of electronic components in Canada.

Although a major part of the defence construction program is the responsibility of Defence Construction Limited, a crown company acting as a division of the department, there are other elements such as the married quarters program which is handled by Central Mortgage and Housing Corporation. It is estimated that construction contracts of over $500 million will be placed by Defence Construction Limited during the 3-year period. About $200 million was placed during the last fiscal year. As far as expenditures are concerned the present fiscal year will probably see the peak. Monthly expenditures on Defence Construction Limited contracts are expected to reach $20 million before December of this year. Delays caused by lack of drawings and specifications in 1951-52 have been largely overcome and the program should now proceed more rapidily.

Orders placed by the clothing section of the Department of Defence Production in 1951-52 amounted to $135 million. Most clothing and equipment which is not made from broad woven fabrics was ordered in the first half of 1951-52, and deliveries are now about 90 per cent completed. Orders for clothing such as uniforms and greatcoats which are dependent on broad woven fabrics could not be placed as rapidily. The cloth first had to be ordered and produced by the mills. Only as this material became available could contracts be let to the cut, make and trim trades for military uniforms and other clothing. The latter contracts were, therefore, awarded largely in the second half of 1951-52, and deliveries are now about 55 per cent completed.

A significant proportion of these purchases were to provide mobilization reserves. As these requirements are satisfied, puchases will be limited to current requirements. It is therefore expected that the sum of new orders placed with industry in 1952-53 will be much smaller than in the previous year. However, the volume of deliveries, and consequently the expenditures, will be somewhat higher than last year.

Canadian defence procurement program includes the purchase of many so-called "off-the-shelf" items that will total some $375 million between April 1, 1951, and March 31, 1954. Of this, general stores account for about 35 per cent; fuels and lubricants 27 per cent; food supplies 20 per cent; footwear and leather goods 6 per cent; and miscellaneous machinery and equipment, office stationery, furnishings, medical and dental supplies 12 per cent. Outlays for these items will amount to almost $140 million in 1952-53 as compared to about $113 million last year. The biggest increases will be due to larger purchases of fuels and lubricants, and of furnishings for camps and married quarters.

Turning to the supply of materials essential for the preparedness program, I am happy to be able to report that there has been a marked improvement in recent months. Not all our supply problems are solved, but we are now able to begin a gradual relaxation of some of the relatively few direct controls that it was found necessary to set up.

As hon. members know, the government was empowered by the Defence Production Act to take whatever steps might be necessary to ensure adequate supply of materials to support the defence effort. At the same time, it was understood by parliament that these very broad powers would be used by the government only to the minimum extent necessary to achieve their purposes. It is, therefore, a cause for satisfaction that we did not have to set up an elaborate and rigid system of controls, such as was urged upon us in certain quarters a year ago. This fortunate situation has only been possible

because of the ready co-operation of Canadian industry and the flexibility of our industrial structure in this country. Wherever formal orders have been issued, end-use restrictions have been sparingly used. In all but a very small minority of cases, informal consultation between industry and government has been sufficient to get the job done in a satisfactory manner, without saddling the country with an intricate and extensive control apparatus.

During some months of the past year certain strategic materials have been in very tight supply. Probably the most serious of these has been steel, particularly plate, heavy structurals, stainless steel, and seamless tubes. Although our own steel industry has been producing at capacity, and we have been able to import some 750,000 tons of steel more than in the preceding year, it has not been possible to supply all our demands. Many less essential projects have had to be deferred. But I think it is accurate to say that very few direct defence projects have been delayed significantly for reasons connected solely with a shortage of materials. This can properly be considered a measure of the effectiveness of our policies in this regard.

Apart, however, from the most efficient use of the available materials, it is heartening to note the solid progress that has been made during the last twelve months in the development of additional capacity to produce strategic materials. In previous statements in the house—when I last spoke on this department's estimates—I mentioned the expansion that was then getting under way in the steel industry. This expansion has gone forward with all possible co-operation from the government, and is continuing today. Some parts of this program have been completed and when the other parts are completed this year and next, a most important addition will have been made to the country's industrial base. Our primary capacity will then be greater than it was in 1950 by about one-third and a wider variety of products will be turned out by the industry than formerly.

In Quebec and Labrador the work preparatory to the production of iron ore, including construction of a 350-mile railway line from Seven Islands to Burnt Creek, has been speeded up. It now seems possible that delivery of ore will begin sooner than was originally expected, perhaps as early as 1954.

The defence requirements for nickel have resulted in a serious shortage of that metal. Our two major suppliers, International Nickel Company of Canada, Limited, and Falconbridge Nickel Mines, Limited, have been expanding their production. Sherritt-Gordon Mines, Limited, are making rapid progress in opening up their Lynn Lake deposits, and initial production from the new property is expected early in 1954. These developments will result in a substantial increase in the supply of this essential metal for the free world.

The mill at the Emerald tungsten mine, to which I referred last year, has been put in operation and is now producing substantial amounts of tungsten concentrates. Similarly, our incentive price schedule for cobalt has resulted in a 50 per cent increase in the available supplies of this essential metal.

The vast undertaking of the Aluminum Company of Canada in British Columbia scarcely needs emphasis. Furthermore, this company is making very substantial additions to its capacity to produce aluminum in Quebec. As Canadian production of aluminum is far greater than the amount we use, it is worth noting that this economic producer will be in a position to continue to meet competition anywhere in the world.

The exploration and development of our petroleum resources in western Canada goes on at a rising rate. Already more than one-third of Canada's domestic requirements of petroleum and petroleum products are being met from supplies produced in this country. If the discovery of oil and gas continues at the present rate, Canada should be able to produce the equivalent of its own requirements of these materials within the next decade.

The expansion of our chemicals industry has been very rapid. The world shortage of sulphur has required some limitation of our normal requirements, but a number of projects to relieve this shortage have been undertaken. The Shell Oil Company has completed a small plant at Jumping Pound, Alberta, to recover elemental sulphur from natural gas and the Royalite Oil Company has a similar plant scheduled to be completed very shortly. At Copper Cliff a plant to recover sulphur dioxide gas for use in the paper industry will be completed later this year and several paper companies are installing equipment to roast our native pyrites rather than rely on imported sulphur. Additional sulphuric acid capacity has been installed to use Canadian pyrite or other sulphides as the source of sulphur for the basic chemical.

Apart from the plants built to relieve the sulphur shortage, Canada has witnessed a very great expansion in its other chemical operations. Some $200 million is being invested in new plants to make petrochemicals nylon intermediates, plastic components for structural and insulation purposes, chlorine and caustic soda and a wide range of other basic chemicals. Many of these plants will produce chemicals not

hitherto made in Canada, but which are needed in our expanding industrial development.

I have referred to the current easing in pressure upon the supply of some strategic materials. This is occurring not only in Canada but also in the United States and in other countries of the free world. Thus, whatever action it is thought feasible to take in Canada, by way of relaxing our present controls, must take into account what is done elsewhere. It is necessary, for example, to give due consideration to the recommendations of the international materials conference on materials which are still under allocation by that body. And the degree and rate of decontrol in the United States likewise bears upon our decisions in Canada.

I scarcely need say that the government, like industry, would welcome a return to conditions where the supply of materials is such that normal commercial channels would provide satisfactory distribution. For some materials this is now possible.

Just a few days ago non-ferrous metals orders 6, 7 and 8 were revoked eliminating all controls on zinc, cadmium and antimony. The situation regarding other materials will be watched very carefully and remaining controls will be relaxed or removed as rapidly as it appears advisable.

In closing I would like to repeat that we are now entering another phase of the defence production program. Industry now has a pretty clear idea of the general outline of the program. We have passed through the major part of the development and tooling-up stage, and this year will mark the first year of volume production with deliveries coming forward at an increasing rate. I would also like to remind the house once again that this program has a large element of insurance in it. At the same time that we are producing the weapons and equipment needed to maintain a modern army we are further expanding our industrial strength. On both counts, I am satisfied we will meet our objectives.

Mr. Green: Mr. Chairman, the statement just made by the Minister of Defence Production will require a great deal of study and I would not presume to attempt today to deal with all the details he has furnished the committee. However, we on this side of the house have several subjects to place before him and the committee with regard to the work of this department and we would ask the minister to let us have his comments on these different questions.

The amount of money sought by the department for this fiscal year amounts to something over $98 million, but in addition the minister and his department will be spending approximately $1,400 million for the Department of National Defence, as he explained in opening his remarks today. That portion of the defence department estimates is about two-thirds of their total vote and is about one-third of the total moneys for all departments voted for the present fiscal year. So this Department of Defence Production is by far the most important spending department of the government. For that reason, as well as the importance of the estimates now being considered, these matters should mean a great deal to the committee and to the country.

I regret that the details given in the estimates are so scanty as to make it most difficult to get much of a picture of what is being done by this department. I hope that in another year it will be possible to have more details given. We had a very good report from the department covering the period from its inception on April 1, 1951, until the end of that year. But I do hope that in future years we shall have greater details and that the estimates of the department will be broken down into further subheadings.

The first comment I wish to make today with regard to the work of the department is that the minister seems to be placing much of his emphasis on the fact that this is a three-year plan. I think he called it a three-year defence production program. That program started well over a year ago so that we are now in the second year and the plan is almost half completed. I believe that the world situation today is such that it calls for a degree of permanence with respect to the functions of the Department of Defence Production, but there does not seem to have been much consideration given to the long-term work of the department. Mind you, there may not be a long period of tension, but the only thing that will prevent it is a third world war or a great change in the attitude of the communists.

The whole plan of the freedom loving nations is based on becoming so strong and remaining so strong that the communists dare not start a third world war. I believe that the Department of Defence Production should make its plans accordingly. Yet in the speech of the minister today and in the published report of the department all the emphasis has been placed on the three-year program. I point out, for example, that on page 156 of the estimates we find that this department has 75 officials who are described as officers on loan from business and industry, and for whom salary provision is not required. The different positions are listed which they hold. I take it that most of these positions are very important ones

in the Department of Defence Production. I am not quarrelling with that situation at the moment, but there seems to be a clear indication that the department is working on an emergency basis and is taking men from industry for a short period of time and not paying them a salary because their salaries are paid by their firms. It seems to be an emergency operation, a short-term plan.

When the three-year period has expired, even if the department is able to complete its program there will still be need for a great deal of work to be done by the department. I notice that on page 9 of the annual report their main responsibilities are summarized as procurement of all requirements of the Department of National Defence, and second, the responsibility for taking whatever steps are necessary to ensure an adequate supply of materials to support the defence procurement program. That work will carry on indefinitely, certainly as long as we are living in this present state of tension. When the minister replies I would ask him to give us some idea of the plans of his department for the period at the end of the three-year program which, as I said, is less than two years from the present time. That is the first subject on which I would ask him to comment.

My second suggestion is that the time has now come to look again at the extreme powers given to the department last year when the Defence Production Act first became law. I refer particularly to the power which is described in the United States as the seizure power. As hon. members know, there have been great arguments in the United States within the last few weeks concerning President Truman's action in seizing the steel industry, apparently relying on his powers as the chief executive officer of that great nation. The question as to whether or not he had the right to do so is now before the supreme court of the United States, and until it is settled no one can say whether or not the President had the right to take that drastic action.

I do not doubt for a minute that most Canadians have been patting themselves on the back, if that were physically possible, and saying: The Americans may have troubles like that but it could not happen in Canada. Actually under the Defence Production Act it could happen in Canada, and there could not be any question about the legality of a seizure of that type simply because of the terms of the act. I would refer you, Mr. Chairman, to section 27 of the Defence Production Act passed about a year ago, which reads as follows:

(1) Where the minister is satisfied that

(a) a person who has entered into a defence contract has failed or is likely to fail—

[Mr. Green.]

Those are pretty far-reaching words; they could not be much more so.

—to perform the contract in a businesslike and efficient manner,

(b) a person who has entered into a defence contract has failed to keep proper and detailed accounts and records of the cost of the work performed under the contract, or

(c) a person to whom a direction has been given under section 23—

Section 23 enables the minister to order a person to comply with a contract.

—or who is required pursuant to a regulation to give priority in the carrying on of his business to the production of or dealing in defence supplies, or construction of defence projects has failed without reasonable excuse to comply with the direction or regulation or the minister is satisfied that he will so fail or is likely so to fail—

Again these are terribly wide powers.

—the minister may authorize another person (in this act called a "controller") to carry on, until the minister otherwise directs, the whole or any part of the business of that person.

(2) Where a controller has been appointed to carry on a business or a part thereof, he shall be deemed to be the agent of the owner thereof for the purpose of carrying on the business or that part thereof, except that the owner shall not have any right to control the business or that part thereof and the controller may—

"The owner shall not have any right", mind you.

—subject to any instructions of the minister, do all such things as he thinks fit for the purpose of carrying on the business or that part thereof.

Then, the third subsection gives the power to compel industry to furnish whatever information is required by the controller. Not only does the minister have this drastic seizure power, but he can assign that right to one of his officials. In section 5 of the Defence Production Act, we find these words under the sidenote, "Minister's authority to assign powers":

The minister may authorize any person, on his behalf and under his control and direction, to do any act or thing or to exercise any power that the minister may do or exercise under this act.

Today we are legally in the position that the minister or anyone he chooses to authorize can seize practically any industry in Canada—certainly, he could seize the steel industry. That power was clearly a wartime power. We brought that point up during the debate last year, and the Prime Minister admitted that it was a war power. I would refer members to page 908 of *Hansard* for March 5, 1951, where I asked this question of the Prime Minister:

Then may I ask the Prime Minister whether any further powers would be required to carry out defence production if we were actually in a third world war?

Mr. St. Laurent: I do not anticipate there would be.

He made a statement to the same effect on the following page. We also find that

clearly set out in the report of the department, which we received a short time ago, at page 14:

> Although the powers now in effect are virtually the same as those which existed during the last war, it has been understood that these powers would be used to the minimum extent necessary.

The minister admitted a year ago that he had had the co-operation of industry up to that date. On the same page of *Hansard* I asked him this question:

> But has there been any difficulty that would require the taking over of a business, for example?
> Mr. Howe: Not yet, no.
> Mr. Green: Nothing of that kind?
> Mr. Howe: No.

Today the minister has said that he has been getting ready co-operation from the business world of Canada. He has said also that the general situation is much better, that materials are in much better supply. He said that we had now entered a new phase in this defence production program. He intimates everything is going along very well. I do suggest in all earnestness that the time has now come to give up that seizure power. I believe that it has not been necessary at all. I do not believe that such a power should ever have been taken in peacetime. I think it is unfair to the Canadian people to continue that power on the statute books of Canada. There would be plenty of other powers left in the Defence Production Act to enable the minister and his officials to carry on their program without any difficulty.

The third subject on which I would ask a comment from the minister is this. Has the time not come to consider the distribution of Canadian defence orders by countries? I do not intend to deal with the distribution of defence orders in the different parts of Canada; that will be brought up by other members of our party. I am referring to the orders to be placed outside of Canada. At page 51 of the department report we find what is called "Appendix G", and it is entitled, "Distribution of Canadian defence orders by countries, from April 1 to December 31, 1951." This list shows that there was a total of $1,431,000,000 worth of orders placed during the period. Broken down into areas, you have $987,500,000—I am only giving the round figures—worth of orders placed within Canada. Orders to almost half of that value, namely $412,600,000 were placed in the United States, and only $31,400,000 were placed in other countries. A very small proportion of these orders which went beyond the orders of Canada were placed in any country other than the United States.

We all know that there have been large purchases of defence material from our neighbouring country. We know also that it has been pretty much a one-way street. When we were first told about this program we were led to expect that large United States orders would be placed in Canada. I do not know what the figures are at the present time, but certainly up until this year the amount of defence equipment ordered by the United States has been very small compared with the moneys Canada has expended for defence equipment in the United States.

Mr. Howe: Would the hon. member like the figure?

Mr. Green: Yes, I should like the minister to give the figure later.

Mr. Howe: You said it was very small, and perhaps I should correct that. It stands today at $195 million.

Mr. Green: For what period?

Mr. Howe: That is to date.

Mr. Green: From what time would that run?

Mr. Howe: Almost from the beginning of the defence program.

Mr. Green: Is that from April 1, 1951, or from what date?

Mr. Howe: From July 1, 1951, to date.

Mr. Green: That is equal to a little over half of the orders we have placed in the United States.

Mr. Howe: More than that and United States orders are coming in very fast.

Mr. Green: There would be great benefit to Canada if as many of these products as possible could be purchased from the United Kingdom rather than from the United States. This is not the place to go into the details on that, but I would point out that in British Columbia we are extremely worried about selling our canned salmon, our lumber and our apples. The only reason we cannot sell them to the United Kingdom is because of the exchange situation. If Canada bought more war equipment in the United Kingdom, she would sell that much more of her own products. I do not think that could be questioned. I repeat that the time has come to consider again this question of the distribution of defence orders which go outside of our country.

Then it would seem that it would be wise also to review again this policy of a widespread standardization with the United States in the use of military equipment. We have that referred to throughout the report of the department. For example, at page 22 we find:

> As a result of the government's decision to adopt United States-type of army equipment, this division, in order to meet the most urgent requirements,

negotiated with United States authorities for the purchase of initial supplies of many types of ammunition.

Then at page 23:

The decision to standardize on United States army equipment on most items necessitated early decisions regarding types of weapons that could efficiently be produced in Canada.

It has not worked out just as well as had been expected. A little further down on the same pages we find paragraphs which give some idea of the difficulties. For example, on page 22 there is this paragraph:

Because of the failure to agree on standardization of small arms, there was little production of smaller calibre ammunition, although some export orders were received for the types previously produced in Canada.

And at page 23:

Contracts placed for small arms have been limited, due to failure to achieve international agreement on standardization for these types of equipments. However, orders have been placed in Canada for ·50 Browning machine guns and small quantities of ·22 rifles and survival weapons.

Then we find another result on page 25 of the report where there is mention of tanks. We find this paragraph:

Tanks had been ordered from the United States, but in November action on these orders was suspended, and a contract demand was received for the purchase of Centurion tanks from the United Kingdom.

That is a good illustration of the point I am placing before the minister. The government set out to get United States tanks. Then they could not get them, or it was found that they were not as good as Centurion tanks produced in the United Kingdom. Now we are to get tanks from Great Britain.

Canadian troops serving in Korea are serving in the commonwealth division and Canadian troops in Germany are serving with or are attached to the troops of the United Kingdom. I believe that the government has been making a fetish of equipping Canadians with United States equipment, and that that decision should be reviewed without further delay.

Among the orders placed in the United States last year we find $68 million for United States-type equipment for two infantry divisions. We sent our British equipment for three divisions overseas to the other NATO countries. Now we are starting to buy from the United States equipment for two divisions. We seem to be in the position that we do not know what sort of rifle our troops are going to use if there is another war. The British, of course, are planning to use the ·280 and the Americans the Garand. Canada sits in between; and unless the situation has changed recently, is not making any rifles. It is not known just what our troops are to use. That is a bad situation and it should be dealt with without delay.

Then there are two other questions to which I wish to direct attention. One is with regard to the shipbuilding program. Today the minister pointed to the war vessels we are building or which are being ordered. A statement will be found at page 25 of the report. It is stated there—and the minister confirmed it today—that there are to be fourteen escort vessels. What are they going to escort? I suggest to the committee that they will be escorting Canadian freighters or possibly freighters of other nations. Yet Canada is still in the position that she has nothing but old, slow cargo vessels built during the last war. We have not gone ahead with our plans for building modern vessels which themselves might be able to get away from submarines or which certainly would need far less protection than these old slow boats.

I think that building escort vessels is only building up the wall on one side. Do not forget that the merchant navy is a part of our forces, if a war comes. It is the fourth arm of the services. I am afraid that we are going to find ourselves with some nice, new, fast escort vessels and nothing but these old, slow cargo freighters which, as I said a week or two ago, are nothing more or less than sitting ducks for the fast Russian submarines. I suggest to the minister that a start be made now on modernizing Canada's merchant navy. That is really just as much a part of the defence plan as are all these other undertakings.

Then finally, I wish to mention one other subject on which the minister and I have had words on other days, and it is this. I should like to know what steps, if any, are being taken or are in contemplation to assist in the establishment of a steel industry in Canada west of the great lakes. At the present time there is no steel industry in that part of Canada other than perhaps small plants which can turn scrap metal into steel. At page 36 of the report I find this paragraph dealing with iron and steel:

The division—

The materials branch of the department.

—has, where necessary, assisted Canadian iron and steel producers in obtaining essential materials and equipment in Canada or elsewhere for the maintenance or expansion of their facilities. Progress was made towards the expansion of Canada's basic iron and steel facilities during 1951.

I pointed out to the minister some months ago that iron ore was being shipped from British Columbia to Japan, and that we were buying back the steel at a tremendously

increased cost. We find that this practice is still going on. I have here a dispatch from the Vancouver press of May 5, just a few weeks ago, which sets out that they will be shipping 100,000 tons a month of iron ore from Quinsam on Vancouver island and Iron River and 30,000 tons a month from Texada island. There appears to be no plan under way by the department for getting a steel industry established in that part of Canada.

I was also surprised to read a report of a speech made by the Minister of Transport with regard to the use of the iron ore in Quebec and Labrador. The Minister of Defence Production said today that he expected that iron ore would be coming from those vast deposits by 1954; but he did not say anything about the use of that iron ore for further expansion of Canada's steel industry. On May 8 the Minister of Transport was reported as saying at Quebec:

> The federal government is keeping in mind the possibility of an expanded Canadian steel industry through use of Quebec-Labrador iron ore, transport minister Chevrier said tonight.
>
> However, he said it is still too early to make any positive prediction on the subject.

That appears to indicate that there is in the minds of the cabinet no plan to drive ahead for a greatly expanded Canadian steel industry using this iron ore deposit. I regret that. I hope there is actually some plan being worked out, because I believe that steel will always be the key to the future greatness of this nation. The minister says we are still very short and are going to be so short this year that many projects will have to be deferred. I hope he can give us some assurance on this point as well when he replies to the various subjects that have been raised this afternoon.

Those are all the points I wish to place before him at the moment. When we get into the general questioning, no doubt other matters will come up for consideration.

Mr. Knowles: As the hon. member for Vancouver-Quadra has already pointed out there is a very close relationship between the estimates now before us, the estimates of the Department of Defence Production, and the estimates of the Department of National Defence.

Earlier this afternoon the Minister of Defence Production indicated that in addition to the sum of close to $100 million being asked for directly for the Department of Defence Production, his department is also handling the spending of $1,400 million in connection with the procurement of equipment for the Department of National Defence. That means that before us this afternoon we really have just about one-fifteenth of the expenditures in which the Minister of Defence Production has a hand.

With respect to that other huge sum, $1,400 million, we will of course have an opportunity to discuss it when we are on the estimates of the Department of National Defence, and also when the committee on defence expenditure makes its report back to the house. Nevertheless, I hope that during the course of these estimates we may get a little more explanation from the Minister of Defence Production as to the part that he or his department plays in the estimates of the Department of National Defence. I should like to know whether the Minister of Defence Production merely places the orders, merely plays the role of a delivery boy, although I find it hard to think of him in those terms. Does he just place the orders that are handed to him by the Department of National Defence, or does he personally examine the proposals of the Department of National Defence, and have something to say about the whole defence program?

The estimates that are before us relate to the setting up of plant and equipment, but we would be interested in knowing what part the minister plays in that other aspect of our defence expenditures. When the estimates of those two departments are submitted to treasury board, for example, are they submitted independently of each other, or are they submitted together? There are further questions, but they can be asked when we get to the stage where we are asking individual questions.

I should like also if the Minister of Defence Production would bring us up to date as to the picture in relation to the various plants in which public money has been invested. When we get down to one of the items of the estimates of the minister we find a reference to three different categories. First, there is the group known as private plants; then there is the group known as crown plants operating on a management-fee basis, and finally there is the group known as crown companies under the Minister of Defence Production.

We should like to know how much money has been invested in each of those categories of plants since the commencement of the Department of Defence Production; indeed since the commencement of the whole current defence program. We are also interested in the question as to the decentralization, or the lack of it, of industry. Indeed my colleague, the hon. member for Cape Breton South, will have something to say on that during the

course of the discussion this afternoon, and he likewise will have something to say on the steel industry.

Mr. Chairman, I listened with interest to the remarks of the hon. member for Vancouver-Quadra. There were sections of what he had to say with which we are in agreement; but it follows from that, that there are some things that he said with which we do not agree. The only thing that bothers me about what I shall now be saying is that it always gives a bit of comfort to the Minister of Defence Production. He always likes the situation where the Tories are coming at him from one side and we are coming at him from the other. He says: I am all right; I am right in the middle. He should realize, however, that that is sometimes known as sitting on the fence.

At any rate, the hon. member for Vancouver-Quadra complained, in keeping with complaints he and the members of his party have made in the past, against the wide powers enjoyed by the Minister of Defence Production as set out in the act which set up the department. Our complaint against the minister is akin to the comment that we made the other day when we were on the resolution to extend the Emergency Powers Act. Our complaint is that some of the powers which were conferred upon the Minister of Defence Production have not been used. During the discussion of this measure last year it was brought out that the powers conferred upon the Minister of Defence Production included the power to control prices of goods and materials affected by the defence purchasing program.

I think I am stating the case fairly when I make that distinction; for the minister wanted it clear that he was not being given over-all price control powers. But he did admit that he would have the power to control prices where there was inflation, where there was an increase in prices, owing to defence purchasing.

There is no doubt but that the high level of prices, the high cost of living that our people are experiencing at the present time, is to a large extent due to that very factor, namely the very heavy stream of defence purchasing. We feel that the minister should long ago have made use of some of the powers that were conferred upon him by parliament to protect the living standards of the people.

I do not know of any case—there may be one, and if the hon. member for Vancouver-Quadra can tell us about it and point it out I would be glad to hear it—where the people of Canada have suffered by the use or the abuse of the powers that were conferred upon the Minister of Defence Production in this emergency legislation. I do know that the people of Canada have suffered because the powers under that legislation, together with the powers under the Emergency Powers Act, were not used to control prices and to protect the living standards of the Canadian people.

Similarly, I think along different lines from the hon. member for Vancouver-Quadra when he expresses his concern over the power given to the Minister of Trade and Commerce to seize certain industries. Here, too, as so often happens, it seems to me that one can do a form of arguing just by the words he picks out. By using the word "seizure" one would seem to be suggesting something sinister and against the interests of the people. But there are times when what has been described as seizure by the hon. member for Vancouver-Quadra is nothing more or less than the people of a country, through their elected representatives, taking control of something of concern to all the people.

Members generally have no hesitancy in doing that sort of thing at a time of real crisis, such as a time of war. They do not object even to its being done in a time of apprehended war, or a time of defence preparation because of fear of war. But the minute the pressure is off, the minute there is a notion in some quarters that a state of crisis no longer exists, there is this plea that the people's representatives should leave the economy alone.

As a matter of fact in his remarks this afternoon the Minister of Defence Production came pretty close to that for which the hon. member for Vancouver-Quadra is asking, because he said he was glad he had not been called upon to use his powers in the way some of us wanted him to use them. And he went on to express the private-enterprise dream and hope that it might be possible soon to get back to the normal way of doing things.

Well, that is our quarrel with both the Minister of Defence Production and his party, and with the hon. member for Vancouver-Quadra and his party. They are quite prepared to have government ownership, government operation and direct economic controls when the demands of war are placed upon us, or even the demands of defence production. But they want none of that, except when confronted with that kind of crisis. We contend that the interests of the people of Canada as a whole, in terms of their standard of living, in terms of housing and in terms of social security deserve just

as much attention as do these special problems that arise at times of international crisis.

And so I wished simply to express our views in this matter. I have no doubt but that our position will be misinterpreted. I have no doubt some will say we want centralization and controls, and there will be the misleading use of the word "seizure", the word used this afternoon by the hon. member for Vancouver-Quadra. We do not advocate any of our ideas for their own sake; we want simply the same measure of economic democracy and the same control of the economy in peacetime that all parties are prepared to practise in wartime. All parties agree that in a time of war and a time of national emergency we have to face up to those situations and deal with them in the best way possible. We feel, further, that in peacetime the problems of housing and social security, together with our health and living standards, are of concern to the people, and that we should deal with them in the same sensible way, namely, the rule of law. In other words, we believe in economic democracy.

Mr. MacLean (Queens): Mr. Chairman, I was specially interested in the closing remarks of the minister when, as I understood him, he said that our program of defence production was accomplishing not only its primary purpose, but also a secondary and beneficial one in that it was strengthening the industrial potential of the country. I am not yet convinced that his second statement is entirely true, because I feel that if the economy of our country is to be strengthened up to something approaching its greatest potential, then it must be done in the most beneficial way possible. And, unless conditions have changed over the last few months, I suggest the minister is not justified in making that assertion.

I was interested in a reply to questions asked by the hon. member for Brandon, as it is reported at page 691 of *Hansard* for November 5, 1951. There were two questions, as follows:

1. What defence contracts, if any, have been awarded by the Department of Defence Production in each of the prairie provinces, monthly, since July 1, 1951?

2. What defence contracts have been awarded in Ontario and Quebec, monthly, during the same period?

To those questions the parliamentary assistant replied:

At the last session a question similar in form to this one was asked, and at that time it was pointed out that it is not possible to give accurate figures in answer to this type of question. It was pointed out that lists of the contracts awarded are published each two weeks, and these lists of course are available to any member at any time. There is this weakness in them, that the address shown of the contractor is merely a mailing address and may or may not give an indication as to where the contract is being carried out.

If that statement means what I assume it means it implies that the Department of Defence Production keeps no check and makes no stipulations with regard to where defence production shall be carried on. It seems to me that that is one of the primary and fundamental requirements for a strong defence effort. After all we are not living in the days of 1914. This is 1952; and if world war III comes it is inevitable that we will be subjected to devastating atomic bombing by our potential enemy. We must live with that fact, and realize that if our defence production is to be effective it should be carried on in a way which will subject it to the least possible dangers in time of war.

In the same connection the hon. member for Moose Jaw, while speaking in the debate on December 3, 1951, is reported in *Hansard* as having given some interesting figures in connection with defence contracts allotted between April 1 and October 31, 1951. According to his figures ·03 per cent—that is, three one-hundredths of one per cent—of all contracts were let in Newfoundland. About one third of one per cent were let in Prince Edward Island; about one third of one per cent in the Yukon and the Northwest Territories; and two per cent in Alberta; while at the same time more than 75 per cent of all contracts were let in Ontario and Quebec combined.

It seems to me that insufficient thought is given to a program which would require that defence production be carried out over a larger area and in a way which would permit two benefits to accrue—(1), the most important, that these industries would be relatively safe from attack in time of war and (2), which in the long run might be the more important of the two, the benefits which would accrue from the development of industries in our smaller centres and in the undeveloped parts of the country, including depressed areas. We have large areas in our country which are not able to absorb the natural increase in population. In that regard I should like to quote from an article with reference to the prairie provinces, as follows:

The prairie provinces have not merely failed to attract population from elsewhere. They are, in fact, losing their own population. Their natural increase (excess of births over deaths) during 1941-51 was 396,394; but their actual population increase was 115,644. It is clear from this that between 1941 and 1951 they lost 280,750 people—a disaster as great, from the population viewpoint, as if Winnipeg and its suburbs had been wiped off the map.

The same is true of the situation in the maritime provinces. These are things which should be of vital importance to the government, and especially to several ministers. In addition to the Minister of Defence Production they should be of vital interest to the minister of defence, the minister of health and welfare, and the Minister of Resources and Development. It is not only the sparsely settled and underdeveloped areas which suffer from this program, or perhaps I should say this lack of program; our larger cities also suffer. Population figures show that during the last ten years our large cities have tended to become larger and our small centres have not grown at as rapid a rate. There are whole areas which are experiencing hardly any development at all.

There are a great many disadvantages that stem from this unordered but rapid growth of our large cities. Our country is carrying a load of defence and social welfare costs which is necessary and to have saddled upon it these other unnecessary problems which arise from the rapid and disorganized growth of our large cities simply adds to the burden. These problems are many. There is the problem of communications and transportation. For instance, the city of Toronto has found it necessary to build an underground transportation system which is using up large amounts of concrete and reinforcing steel and things of that sort which could be used for defence purposes elsewhere. That construction would not be necessary if the present transportation system were not overloaded because of the rapidly increasing population. I cite that as an example, but there are many others that could be cited. May I quote from a press digest as follows:

> Traffic tie-ups are not unusual in most Canadian cities and downtown parking space is similarly at a premium but New York city outdoes all rivals. The *Times* says that in the commercial centre—the nine square miles south of Sixtieth street—traffic is "slowing New York to an oxcart pace." The reasons:
>
> Every working day 3,750,000 persons pour into that area.
>
> Into its 270 miles of streets come 380,000 automobiles, trucks and busses.

The same sort of thing is beginning to happen even here in Ottawa. I understand that something like 50,000 motor vehicles have been registered in this area whereas there are parking spaces for only 6,000. These things place unnecessary loads on all municipalities. I maintain that they could be avoided if industry, especially defence industry, were encouraged to make use of the potentials in materials, manpower and transportation available in the smaller centres.

As our larger centres grow rapidly there is a tendency for the central parts to decay and eventually become slums. In that connection, I should like to quote as follows:

> Blighted areas work havoc with the cost side of the balance sheet as well. The disproportionate costs of blighted districts in a representative group of American cities are concisely demonstrated in the following relationships:
>
> Although slums and blighted districts comprise about 20 per cent of the metropolitan residential areas they account for: 33 per cent of the population; 45 per cent of the major crimes; 55 per cent of the juvenile delinquency; 50 per cent of the disease; 45 per cent of the city service costs; 6 per cent of the real estate tax revenues.

That is one of the problems that our municipalities have to face at the present time. This situation is just as true for Canada, as the data available for major cities like Saint John, New Brunswick, Montreal, Ottawa, Toronto, Hamilton, Winnipeg and Vancouver indicate the same underlying conditions.

It has been shown also that our large cities are not healthful places in which to live. It has been shown statistically that tuberculosis is becoming a large-city disease. In 18 cities of the United States with populations of 500,000 or more the average tuberculosis death rate during 1947 to 1949 was 42·9 per 100,000 of population, as compared to only 29·6 per 100,000 of population for the whole country.

I do not wish to labour the point, but I believe it is true that it is not beneficial for our economy as a whole that our large cities should be allowed to get much larger while our smaller places are allowed to decay and not develop. I should like to press upon the government, and especially upon the Minister of Defence Production, since he could do the most about it simply because he probably spends more money than any other minister for production of various types, the evils of allowing our industries to congregate in a few centres.

In addition to what I have said about the problems which arise through large cities growing too rapidly there is the obvious danger from bombing. We must realize that if world war III ever becomes a reality we will be subjected to bombing, probably by atomic bombs which can destroy everything within a radius of half a mile and do great damage in a much greater radius. There are other disadvantages which ensue from allowing our industries to flock together in a few large centres.

For example, it has been estimated that it costs the workers in the A. V. Roe plant in Toronto approximately $12,000 a day merely to get to work. I know of a lot of small centres where a plant of that sort would be appreciated and where the whole

economy of the district could be improved without placing too great a load upon the present available housing and transportation facilities.

To be fair, the government probably has plans in this direction, at least I hope it has. I trust the government realizes the benefits of carrying out a program of dispersing industry over as large an area as possible, over all provinces and into small towns and rural areas, or into entirely new centres if necessary. I do not mean to suggest that existing plants should be uprooted and transferred somewhere else, but new plants should be built for the most part in the smaller communities, and when plants have to be replaced they should be rebuilt in some other area. It may be argued that large cities are necessary, that they are efficient and provide a better standard of living. I should like to quote briefly from a speech delivered by Alfred North Whitehead at Harvard university in 1930. It is published in a Pelican book called "Adventures of Ideas". He said:

> Throughout the whole span of civilization up to the present moment, the growth of condensed aggregates of humans, which we call cities, has been an inseparable accompaniment of the growth of civilization. There are many obvious reasons: the defence of accumulated wealth behind city walls, the concentration of power in the form of human muscles and, later, in the form of available heat energy, the ease of mutual intercourse required for business relations, the pleasure from a concentration of aesthetic and cultural opportunities, the advantages of concentration of governmental and other directing agencies, administrative, legal and military. . . But, if we examine the trend of technology during the past generation, the reasons for this concentration are largely disappearing. Still more, the reasons for the choice of sites for cities are also altering. Mechanical power can be transmitted for hundreds of miles, men can communicate almost instantaneously by telephone.

He points out that large modern cities are not necessarily the most efficient areas of production, nor are they areas which produce the highest standard of living for a given income. I see one glimmer of hope in the report of the Department of Defence Production. On page 10 there is the following with reference to the department:

> It also includes Defence Construction (1951) Limited, a crown company responsible for the construction of barracks, radar stations, and other defence projects, and a small industries division which seeks to ensure that all segments of Canadian industry are given an opportunity to make their appropriate contributions to the defence production program.

I hope that phase of the efforts of the Department of Defence Production will be pressed forward as strongly as possible, and that the maximum benefits accruing from such a program will be realized. There are a few things on which I should like to have some information from the minister. First of all, I am concerned with the problem of the mechanics of safeguarding our system of carrying on the work of what would be very important departments if a world war should suddenly start. What would be our position in the case of a Pearl Harbor type of attack on us? Is there any safeguarding of government files? Are there duplicate files somewhere else so that business could carry on the next day even if an atomic bomb were dropped somewhere in the minister's department tonight?

Hon. members are laughing, but if our defence production means anything its purpose is to prevent a third world war, and we may not be able to prevent it. If we are thinking of realities at all we must anticipate such an event and recognize that it is useless to build up a vast organization which can be destroyed overnight. It might be suggested of course that if an atomic bomb were dropped on Ottawa tonight business could not be carried on anyway because no doubt parliament would be destroyed. If we were lucky enough to have the bomb dropped on a Friday night I think a large number of members would escape the tragedy.

Some hon. members may take the attitude that there is not much that can be done about this situation. After all, how do you go about pushing industries around or telling them they cannot locate in one place and should locate somewhere else? Other countries have recognized this problem long ago. As is generally known, in Great Britain a royal commission was established to consider the distribution of industrial population, and out of its work came legislation such as the special areas act, the distribution of industry act and the town and country planning act, all of which are designed to develop the country evenly, to disperse its industry so it will be less vulnerable to attack and to increase employment in depressed areas.

For instance, in the case of the distribution of industry act, the introduction reads as follows:

> An act to provide for the development of certain areas; for controlling the provision of industrial premises with a view to securing the proper distribution of industry; and for purposes connected with the matters aforesaid.

The United States has also realized that if their economy is to be helped and if the fabric of their production system is to be strong their industry must be dispersed and must have its roots in the small towns and hamlets as well as in the large cities. They recognize that if another war comes the large cities will be primary targets. Realizing that, the United States has already taken some action in this regard. I should like

to read a news item reported in the *U.S. News and World Report* of August 13, 1948. It reads as follows:

A guide is being offered to owners of industry who want to be as secure as possible in the event of future war. This guide calls for dispersal of plants in time of peace so as to be prepared for war.

Official advice to businessmen on how best to meet the threat of world war III is given by the national security resources board. This board, headed by Arthur M. Hill, is charged with planning to co-ordinate military, industrial and civilian defence. Its advice, given in a report just made, is this:

Decentralization should be seriously considered by industry in its long-range planning, with a shift of new plants away from centres of industry. Small towns offer the best opportunity for industries seeking safety in the event of war. Plants in these areas are least likely to be the object of bombing attacks.

On the subject of attack it has this to say:

Attack, when it comes, will aim at a few key industrial centres. Warning may not be given. No location in U.S. will be out of range of enemy bombers or enemy sabotage. Destructive effects may be many times those of Pearl Harbor. Attempt will be made to knock out key war industry with the first surprise blow. Atomic bombs probably will be used. Those bombs, in the past, have been able to destroy nearly everything within a radius of half a mile from their centre of detonation. They have caused moderate damage to all structures within another 1½ miles of that area. Allowing for future developments, the atom bomb is not expected to cause heavy damage beyond a distance of three miles from its point of detonation. Area destroyed by each bomb, thus, will be small. Number of bombs used will be relatively small. They are highly difficult to make, will remain very expensive. Being scarce, they must be used on concentrated targets of great strategic importance. An enemy in the foreseeable future, thus, cannot bomb every big factory, even every big city.

That lends point to the argument that our industry should be dispersed so that each factory producing war material would be in a different location. Then any potential enemy could not possibly have enough atomic bombs to destroy them all.

Summing up, this board recommends the following principles with regard to industry in the United States, so that its potential war industry may be as strong as possible if world war III should occur. The accompanying chart is headed "Where to build factories in the atomic age." It says:

Safest sites are:
In cities of less than 50,000 people;
At least 10 miles from a major city;
At least 3 miles from any strategic industry;
In industrial areas of not more than 5 square miles;
Away from major air bases, dams, power plants;
In hilly country, rather than in a flat area.

Then, too, the important thing I have already mentioned is the beneficial effects which accrue to small towns and hamlets if they can contribute to the war potential in their own area. The United States has recognized that point. In that connection I should like to quote briefly from an advertisement appearing on page 2 of *Look* for April 8, 1952. It says in part:

As a prime contractor for the armed forces, General Electric is a major producer of aircraft and ordnance systems, jet engines, and other defence weapons. However, the job is far from being a "one-company" affair. Over 17,000 subcontractors and suppliers are contributing manpower and materials to G.E.'s defence production. This policy of spreading the defence effort is supported and encouraged by the military services. And, most important, many of those companies are classified as "small business."

I think that is an extremely important statement. This advertisement goes on to illustrate the benefits which accrue to the small town which has a subcontractor within its limits. The particular community which is pictured is a little place in Maine called Waterville. I would remind the minister that Maine is just across the border from the maritimes, and if subcontracts can be successfully let in Maine I think the same principle could be followed in this country. Subcontractors for small components for such things as aircraft engines, and an infinite number of items, could be set up in the maritimes.

This advertisement goes on to point out that General Electric jet subcontractors are numerous, and that 82 per cent of them are small businesses employing less than 500 people. That is an ideal state of affairs. If we could have our defence production coming from a large number of small factories in small areas, it would be about as safe as it would be possible to make it from aerial attack. It would serve as well as a great stimulant to the economy of many of the small communities across this country which, at the present time, are unable to absorb the natural increase in their population. Their young people are going off to Toronto, Montreal and a few other centres to work in the large war plants under unsatisfactory living conditions which largely stem from the building up of large unorganized cities, where great housing shortages exist today.

Mr. Gillis: Mr. Chairman, I am not going to delay the house very long, but I have a few remarks I want to make on this general item of defence production. It is rather difficult to discuss the defence production estimates without getting into the field of national defence, because they are tied together very closely. The Department of National Defence is using the materials created or purchased by the defence production department. Nevertheless, the defence production department has a rather serious responsibility, not only to the defence effort but also to the economic future of Canada.

The minister has the power to create industry, regulate it and allocate it if the

circumstances warrant. In that connection what he creates and allocates now should be done with an eye to the future. I listened to the last speaker's plea for decentralization of industry, and it is not so far-fetched. While his suggestion that an atomic bomb might drop tonight on the minister's department and destroy the records is a bit far-fetched, nevertheless—

Mr. Howe: It would not be very serious if it did.

Mr. Gillis: It would be a great loss to this country and, under present circumstances, perhaps to the world. When you look at world conditions today, the hon. member's plea in that regard was not far-fetched. A lot of people sit complacently and say, "Well, those things are happening in other parts of the world, but they cannot happen here." We are faced with an enemy that is moving on a global scale. If one looks at Korea and listens to the warnings we are getting that the armistice talks were only designed to allow the build-up of forces, then one realizes that things are not so good. Anything could happen. The top military brass who were a bit complacent, not in Canada but all over the world a few months ago, and who had high hopes of something developing from the peace talks that might prevent the return to what we have had for the last two years, do not seem to be as optimistic now. There are communist riots in Germany, while in the United States there are threats of strikes. It is all part of the same pattern.

I have discussed with the minister many times the necessity for dispersing our war industry across this country as much as possible. The extracts from the press read by the last speaker—we have all read them—are warnings that are being sounded by men who are very realistic. They have been warning the United States against too heavy a concentration of her war industries in any particular city. I think that is also true of Canada. It does not seem as if we are learning very much from the past, because we are continuing to centralize our industry in the two provinces of Ontario and Quebec. There is no need of going into all the facts and figures that we have gone into in the past. I think the present policy is extremely short-sighted, not only from the standpoint of the possibility of war; and the kind of war we are going to have in the future is something about which no one in this chamber has any illusions. It is not going to be a matter of front lines and of soldiers taking the brunt of the battle. It is going to be a strategic war to knock out your machine of production; and the civilian is really going to be in the front line. The more highly concentrated your industry and population are in one spot, the easier it is going to be to knock you out. There is no need of our putting our heads in the sand. As the world looks today, there is a possibility of that kind of thing developing. I do not think our enemies are backing up. I think they are moving on all fronts and are following a well-defined pattern. We should be preparing for that eventuality.

I can understand a country like the United States, which has perhaps reached her maximum in population, building around what she now has, such as around her power sites and so on. That development took place before the advent of the kind of world in which we are now living. But this country is young and it is growing. We have a large-scale immigration program. Unless we are destroyed by an eruption I think that program is going to continue to expand. This country is one of the last frontiers. It is the only place available to those from other countries whose whole machine of production has broken down and whose resources have run out. This is about the only part of the civilized world today to which those people can come to eke out an existence in a country that is highly civilized. We are going to attract a great many people in the next twenty years.

The minister is a good planner; he has proved that in the past. He is a good engineer, and engineers are practical people. I suggest to him that the allocation of defence industries should be done with an eye not only to keeping them widely dispersed in the event of war but also keeping in mind the future development of the country. I think it is a waste of money to build a large-scale war plant in Ontario or Quebec, under present circumstances; for in the event of there being no war or in the event of a war developing and terminating, there is waste of money in tearing it all down again. It is a simple matter today to reconvert a plant from war production to peacetime production. I think the minister should be looking at the other parts of the country where there is power or the possibility of obtaining power, with an eye to locating there plants that can be swung over in the future to care for the needs of the future.

I think in the last war we wasted a great deal of money by building plants in certain sections where they had to be torn down after the war. To go to an established industry and ask them to create an adjunct to that plant for war purposes, and to build it on land that is owned by that corporation, with a clause written into the agreement that in the event of that plant no longer being useful for that particular purpose it must be removed from that site and off that land

if anyone else intends to use it, is a procedure that should not be adopted. That is something that happened in a great many cases, and millions and millions of dollars of our money went down the drain with respect to plants that could have been maintained even today. Many of the plants that we lost after the war were given away for 10 per cent of their total value; and five years later we find ourselves buying those plants back at 100 cents on the dollar, and at inflated prices. I cannot see anything that has happened since 1945 or 1948 to change that picture. I think the same thing is continuing today.

I know the minister and I have talked a good many times about this business of steel expansion in this country. I do not think his opinions differ greatly from my own on the question of expanding the steel industry. We are leaning too heavily on the arm of the United States. There is no reason in the world why we should not be expanding our own steel industry. It has been expanded some. I am thinking now in terms of basic steel. The minister in his statement this afternoon and yesterday indicated that if there is a strike in the United States all our planning is thrown completely out the window as a result of our inability to secure the necessary steel imports from the United States. We have iron ore in Labrador and coal in Nova Scotia; and it is good coal for metallurgical purposes. Most of the weapons that we are producing will not be used on this continent—at least that is my hope—but will be shipped out; we have all the ingredients for the making of raw steel at Sydney, at tidewater where it can be readily shipped at the closest point; and I hope if we are going to use these weapons, they will be used in that direction. Having regard to all these factors, I cannot understand why a greater expansion of steel in that area has not taken place.

Our leaning on the arm of the United States for our steel requirements is something I cannot understand. That country has a population of 150 million people. Its steel requirements are gigantic. There is no comparison at all between the amount of steel they have to use and what we have to use. We have 14 million people in this country, and have much greater resources for the production of raw steel. If the trend is to integrate the economy of this country with that of the United States, I cannot figure out why they or we want to drag the raw material all the way across the country in order to process it or fabricate it, when it could be done so easily down there at the coast at much less cost, and be readily available to be shipped in the direction in which it is intended to be used.

As I say, I cannot understand that situation. I think that is something about which the Minister of Defence Production should have a showdown with the United States. We are today linked up in a common cause. Their interests are our interests in this industrial picture. We have to stand together or fall separately. There is no doubt about that. We on this North American continent are interdependent. I suggest that the minister should have a showdown with the United States on this matter of steel. Steel is basic to the whole economy of the country. It is a "must" in defence production. It is an actual need in our own internal economy. When steel production goes down or when there is a shortage or an interruption in the supply, everything in the country is affected, right down to your farm production.

If we are going to work this problem out together, I think we in this part of the North American continent are entitled to say that in that matter of basic steel the situation has been one of shortage from 1939 on. We have never had enough steel. Every time you raise the question of housing, vehicle production or defence production, you run into the question of the shortage of steel. I cannot understand why that situation should exist because we have on both coasts everything necessary to turn out steel in this country. Why we are not going ahead with that expansion I do not know. I know the minister has done his best to interest the steel companies of Canada. He has offered to put up a dollar for every dollar they expend in expansion. Some of them took up the offer to some extent; others did not touch it. This business of free enterprise being permitted to create that kind of chaos with regard to a basic material is something that should not happen under present circumstances. I understand the government's policy to be: as far as we are concerned we believe in free enterprise. That was the statement as I heard it. But the government is prepared to step in where free enterprise does not do the job. There is no hon. member in this house—I do not care where he sits—who can tell us that the basic steel industry have made the effort they should have to meet the requirements of this country since 1945. I will be charitable to them and write it down to those last seven years.

That is something in which you have to get production. You can talk about manpower. These are problems that are tricky. We talk about a lot of other things, but the matter of basic steel is the root of the whole

economy of this country. It is something that we should not fool with for a minute. If Dosco or Stelco or Algoma are not prepared to meet the requirements of this country in the matter of supplying basic steel, then the government should follow up the policy enunciated in this house and step in where they fail to meet our requirements, and that certainly has been true in basic steel.

The minister or others may say that I am arguing for my own end of the country. I am not doing that at all. I would be making the same argument if Ontario had what is required to turn out basic steel. I am not talking about the fabricating of it. A lot of it should be done there, particularly vehicles and munitions which are to be shipped out of this country to the NATO countries of Europe. To ship from that part of the country is the shortest haul, and a lot of it should be done there. I am thinking of this problem now in terms of being a Canadian. We are going to have to face this situation quicker than we expect or want to. We cannot make guns unless we have the steel. We can fool around with the problem of housing and with almost everything else, but not with the matter of supplying the NATO countries and our own country and helping out in other directions. It is not enough to say that we have a shortage of steel. Every effort should be made to meet that situation. I see it as a very serious problem at this time. I think it is one that requires consultation with the United States. If we cannot do it and do it quickly; if we cannot find the capital to do it, then our partner in this job of defence should help us, because the NATO countries are dependent on the North American continent for most of the munitions of war they will have to use in the event of trouble developing.

I would suggest that the minister's statements are merely statements of his inability to meet the steel requirements at this time. I would like to see something better than that done. I believe it requires a conference of the United States and our own people. If the basic industries in this country are still not prepared to go ahead and meet our requirements, then the government should do it, and they should hang on to the plants when the war is over. Do not turn them over at 10 per cent of their value.

There are some questions I should like to ask on the steel end of the thing, but I am going to wait until we get to the proper item. I thought I should say what I have at this time, because I think the hon. member for Queens, who just took his seat, knew what he was talking about. He is a man who went through the last war. He has a good war record. He is watching the thing, and all these matters are fresh in his mind. Much of what he said this afternoon should be hammered home in the minds of the general public. Things are not as good as we think they are. We are dealing with an enemy who is working all the time. He is moving on all fronts. He is using none of his own people at all; he is just slowly breaking down democracy and everything it stands for in every other country that he wants to soften up against the time when he puts over a right hook. We should get wise to it.

It is all right for the Minister of National Defence to rise and say, as I have heard him say several times, that our manpower commitments are met; we are doing all right; we are short a few in the air force. That is fine; we can raise all the men that are necessary and do everything else that is necessary, but if we have not the steel to make the munitions of war, we have nothing. Men in uniform are no good if they have nothing but their bare hands. We require the sinews of war, and the sinews of war are steel over and above everything else.

Mr. Adamson: The basic problem we are faced with is to produce the sinews of war with as little damage as possible to our economy. The problem is certainly not an easy one, and it is one that takes constant revision, constant planning and constant alteration of demands that have changed through circumstances which arise in this country.

I wish to speak on one or two matters which, since I come from one of the concentrated industrial areas of Canada, have been brought to my attention. The first one is this. There are a number of small businesses who write to me or complain to me because they have not the information which tells them how to go about submitting their productive capacity to the department. I know the machinery is all there, and whenever they write to me I can always put them in touch with the proper officer of the department; but I feel this is one thing the department might be doing as a start either through the manufacturers' association or the boards of trade or the chambers of commerce, so that every producer, no matter how small, would know how to go about getting in touch with the department and having what he can produce available at all times.

I feel that a survey of production, continuously revised, would be a useful thing to have; not only, of course, of big corporations whose productive ability is well known, but of the small two or three-man industries which can and frequently have produced very valuable material. I feel that one of the first things

necessary is a production survey. I realize that the minister has been working on it; but judged by the complaints I get, it has not gone down to small industry the way it might have.

The second point I wish to mention is the allocation of metals under international agreements. We in this country have, through an international agreement, allocated our production chiefly of metals but also of many other scarce and wartime materials. There have been complaints by some industries that because our position as a manufacturing country is not fully understood by the United States a greater proportion of our metals has been allocated for international use than the economy should stand. Whether or not that criticism is just I am not in a position to say; but yesterday in New York a Canadian speaking on the same subject before the association of Canadian management stated that the Americans did not have a proper appreciation of the productive ability of this country. I mention this because people have complained to me about the extent of our commitments under this agreement. I realize that metals have to be shared; we have to share things with our partners. But I hope we will maintain enough for our own productivity.

The minister rightly stressed the desirability of avoiding controls. Nothing can destroy production more quickly, or with greater effect throw a monkey wrench into the war production of this country, than the reintroduction of a system of controls. Nothing could do so much damage, do it so quickly or decrease production to so great an extent. So I am glad to note that there is no thought of controls in the department at this time. There have been occasions, of course, where the allocation of scarce metals has been absolutely necessary, but I shall refer to that in a moment.

Recent developments at places like Kitimat have shown the great value of accelerated depreciation in these new developments. There are many developments the economic future of which may be questioned—and in this group I would not include Kitimat—where, if it were not for the accelerated depreciation feature, the erection and construction of new plants might not be commercially advisable.

The importance of letting business and industry work out their own production problems was also stressed, and is of paramount importance.

Then the flexibility of specifications is a matter that has been brought to my attention. Many industries have made reference to the rigidity of specifications for weapons and other materials for war purposes. No one knows better than I how important is the over-all efficiency in the production of a weapon when men's lives depend upon it. As an example of the rigidity of specifications I would refer to a six weeks' delay in a program for the production of radar sets because the name plate did not meet the specifications of one of the services. I feel that is carrying rigidity of specifications altogether too far.

In his speech the minister made reference to the interchangeability of specifications. I would hope that this would also include the interchange of information connected with atomic weapons. It is most important that this be done, because the fact that we work in one compartment while the United States works in another in this extremely important field is not to the advantage of either country. I would hope therefore that the interchange of information at all levels on atomic projects has been arranged.

I come now to the question of standardization of weapons. While I realize that this is not the minister's responsibility, nevertheless the problem is one in which he is vitally concerned. I mention one instance of this, namely the production of the ·50 calibre Browning machine gun. As many hon. members can testify from personal experience, if this weapon is not obsolete then certainly it is now becoming so. The Royal Air Force, and later the Royal Canadian Air Force, held the belief that the 20 millimetre cannon was a far more effective weapon. Because of our agreement with the United States we have now standardized on the ·50 calibre machine gun. While the factory in which it is being produced is most efficient, and while the production of the weapons will no doubt be carried out in excellent fashion, nevertheless the whole question as to whether in this day it is a desirable weapon, with aircraft travelling at greatly accelerated speeds and having much greater hitting power than at the time of the last war, is one with which the House of Commons should concern itself.

Not only are production and the cost of production matters of interest to the taxpayers but—and this is more important—we must always keep in mind that men's lives depend upon the effectiveness of the weapons we produce. As I said earlier, I realize that the choice of the weapon rests with the Department of National Defence, and that the Minister of Defence Production produces only that which he is asked to produce. But I would hope that before the close of this debate there might be some further discussion on this matter.

Then turning to the production of steel; while we hope next year to have production to a point a third greater than the production of 1950, nevertheless the production of basic steel has not kept pace with our economic growth in other lines. Despite the fact that the Steel Company of Canada, Algoma Steel, and Dosco have added blast furnaces and increased basic steel production in their plants, the production of basic steel has not kept pace with our economic growth.

I believe the producers of the rarer but extremely important metals, such as nickel, tungsten and cobalt, all of which are in extremely short supply, and which are essential war materials, are doing everything possible to make the supply adequate for our needs. There is, however, one point I would place before the minister, and that is with reference to scrap iron and scrap steel. There is an enormous amount of scrap metal available, but apparently so far an all-out drive is not being made to see that this scrap metal is made available for our basic steel mills. Scrap metal is what the steel makers call the mine above the ground I feel that the people of Canada are not aware of the importance of the scrap iron that might be available, and that a greater effort should be made to collect this and channel it to the steel mills.

The minister rightly suggested that next to the production of aircraft our electronics production constitutes a major effort. I have had the opportunity of seeing what strides we are making in this connection. This is highly skilled work, and I believe the percentage of professional engineers on any assembly line turning out electronic products would probably be higher than in connection with any other work being done in Canada. Unfortunately engineers are not available in as great numbers as they should be. With our modern aircraft having its weapons almost completely fired by electronic means and in many cases the projectiles being guided by electronic means, this side of our defence effort should be pushed to its utmost limit. Canadians seem to have a particular skill for electronics work. For some reason or another Canadian workers, Canadian engineers and Canadian designers seem to have a penchant for electronics and the design and operation of instruments using this principle. I am glad to see that next to aircraft it is considered as our second line of production, and I hope everything possible will be done to increase it still further. I would hope to see us producing in Canada such weapons as the new ground-to-aircraft guided projectile which has met with such tremendous success in the United States. In my opinion we are not using our utmost efforts unless we are producing these most modern of all weapons.

I come now to the production of aircraft. My observations would indicate that what has been said about the A. V. Roe Company is correct. This company started almost from scratch and developed three designs. Possibly this may have been a misfortune. They designed the Orenda engine, the CF-100 long-range fighter and the jet liner. The prototypes worked successfully in each case. It was then discovered that the company in turning out these three designs had possibly bitten off more than it could chew, and the jet liner was discarded. I regret that because I believe it would have given us a lead on this continent in the production of jet aircraft.

Item stands.

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Mr. H. W. Winkler (Lisgar) moved that the following bills be read the second time:

Bill No. 186, for the relief of Ludwik Bulkiewicz.—Mr. Winkler.

Bill No. 187, for the relief of Jean Betton Harris.—Mr. Winkler

Bill No. 188, for the relief of Violet Mary Bailey Black.—Mr. Winkler.

Bill No. 189, for the relief of Corinne Larocque Sergent.—Mr. Winkler.

Bill No. 190, for the relief of Omer Mon petit.—Mr. Winkler.

Bill No. 198, for the relief of Ismena Archange Labatt Chipman.—Mr. Winkler.

Bill No. 199, for the relief of Rose Larocque Crawford.—Mr. Winkler.

Bill No. 200, for the relief of Gladys Lucille Jane Annal Williams.—Mr. Winkler.

Bill No. 201, for the relief of Emily Amelia Ahern Manhire.—Mr. Winkler.

Bill No. 202, for the relief of Margaret Joyce Berryman Thomas.—Mr. Winkler.

Bill No. 203, for the relief of Lillian Deutsch Payne.—Mr. Winkler.

Bill No. 204, for the relief of Murdoch Graham Nicholson.—Mr. Winkler.

Bill No. 211, for the relief of Jeanne Antoinette Sophie Helena Kessler Meyer.—Mr. Winkler.

Bill No. 212, for the relief of John Stachyshyn.—Mr. Winkler.

Private Bills—Divorce

Bill No. 213, for the relief of Theodora Dunska Williams—Mr. Winkler.

Bill No. 214, for the relief of Marguerite Mary Winn Nelson.—Mr. Winkler.

Bill No. 216, for the relief of Roger Pilon.—Mr. Winkler.

Bill No. 217, for the relief of Winnifred Shirley Nice Perry.—Mr. Winkler.

Bill No. 218, for the relief of Ursula Runge Kniewel Fijalkowski.—Mr. Winkler.

Bill No. 219, for the relief of Bella Sybil Feinman Brenton.—Mr. Winkler.

Bill No. 221, for the relief of Helen Kouri Cumas.—Mr. Winkler.

Bill No. 222, for the relief of Cora Marguerite Blume.—Mr. Winkler.

Bill No. 223, for the relief of Marie Maude Louise Ladriere Cook Tooby, otherwise known as Marie Maude Louise Ladriere Cook-Salisbury Tooby.—Mr. Winkler.

Bill No. 226, for the relief of Laetitia Daigneault Martel.—Mr. Winkler.

Bill No. 227, for the relief of James Alexander Ford.—Mr. Winkler.

Bill No. 228, for the relief of Joseph Gerard Abondius Fauvel.—Mr. Winkler.

Bill No. 229, for the relief of Richard Patenaude.—Mr. Winkler.

Bill No. 230, for the relief of Francoise Bellehumeur Dixon.—Mr. Winkler.

Bill No. 231, for the relief of Cynthia Daphne Roberts Gagne.—Mr. Winkler.

Bill No. 232, for the relief of Dorothy May Tucker Patterson.—Mr. Winkler.

Bill No. 233, for the relief of Reginald Clare Darrah.—Mr. Winkler.

Bill No. 234, for the relief of Marjie Weston Frost Law.—Mr. Winkler.

Bill No. 235, for the relief of Carmen Verna Garcia Copping.—Mr. Winkler.

Bill No. 236, for the relief of Edna Ruth Dowsett Young.—Mr. Winkler.

Bill No. 237, for the relief of Eleanor Mary Courtney Flannery.—Mr. Winkler.

Bill No. 238, for the relief of Florence (Fannie Ruth) Sacks Roitman.—Mr. Winkler.

Bill No. 247, for the relief of William Wallace Watson.—Mr. Winkler.

Bill No. 248, for the relief of Russell James Barrett.—Mr. Winkler.

Bill No. 249, for the relief of Alice Sabria O'Connor Muskett.—Mr. Winkler.

Bill No. 250, for the relief of Julia Emma Pearl Sager Noiseux—Mr. Winkler.

Bill No. 251, for the relief of David Gilmore Bennett.—Mr. Winkler.

Bill No. 253, for the relief of Mary Elizabeth Cate Lowe.—Mr. Winkler.

Bill No. 254, for the relief of Aldea Gendreau Bourbonnais.—Mr. Winkler.

Bill No. 255, for the relief of Peter Ernest Walker.—Mr. Winkler.

Bill No. 256, for the relief of Dorothy Agnes Kearns Bradley.—Mr. Winkler.

Bill No. 257, for the relief of Sarah Bernstein Smith.—Mr. Winkler.

Bill No. 258, for the relief of Margaret Gladys Redman Glassco.—Mr. Winkler.

Bill No. 259, for the relief of Louise Joslyn Smith Harvey-Jellie.—Mr. Winkler.

Bill No. 260, for the relief of Bertha Naujoks Stehr.—Mr. Winkler.

Bill No. 261, for the relief of Margit Aloisia Payer Worontschak.—Mr. Winkler.

Bill No. 264, for the relief of Tom Barnard Clayton Gould.—Mr. Winkler.

Bill No. 265, for the relief of Helene Laura Solomon Wiseberg.—Mr. Winkler.

Bill No. 266, for the relief of Joan Borland White.—Mr. Winkler.

Bill No. 267, for the relief of John Laurence McDonough.—Mr. Winkler.

Bill No. 268, for the relief of Jean Wiseman Schwartz.—Mr. Winkler.

Bill No. 270, for the relief of Agnes Bertha Baugh Guimont.—Mr. Winkler.

Bill No. 271, for the relief of Genevieve Flora Agatha Brown Smith.—Mr. Winkler.

Bill No. 272, for the relief of Marcelle Alice Beliveau Martin.—Mr. Winkler.

Bill No. 273, for the relief of Marcel Despatis.—Mr. Winkler.

Bill No. 274, for the relief of Joseph Wilfrid Ernest Senecal.—Mr. Winkler.

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

Mr. Stanley Knowles (Winnipeg North Centre): Before you ask the house to approve this motion for second reading, may I point out that there is a total of sixty of these bills with respect to which the motion for second reading is being moved at this time. So far as these sixty bills are concerned, the printed evidence has been distributed. I have not had time to read the evidence in all sixty but I have looked over the evidence in a number of them, and I find that it conforms to the type of evidence that usually comes before us in connection with these measures. There is a monotonous degree of similarity about them. In case after case we have the story of detectives being called in to get the evidence. In fact in a good many of the applications that we have before us tonight there is one particular pair of detectives who get the evidence time and time again. Indeed, the evidence they get is so much alike one wonders how they keep it straight in their own minds.

I have expressed the opinion before in a number of ways that I do not feel this is the way to be handling these or any other divorce bills. I regret very much that parliament has not yet agreed to my proposal to transfer

them to the exchequer court, or has not found some other way to deal with them. As long as this practice is followed by parliament—and by the will of parliament, which I think is wrong—we have no alternative but to grant the divorces where the required evidence is forthcoming. I still feel it is the wrong way to deal with these cases. That is not to reflect on the hon. gentlemen of the other place who do the job. I point out, however, that we do not do a job on these bills. This House of Commons just passes them en masse as we are doing at this time. I hope that even yet parliament will come to the point where we will find some other way to deal with divorce cases. I ask hon. members to give more thought to this matter. I ask them to consider the opinions that are being expressed in newspapers and magazines throughout the country, and I hope the day is not far distant when we will make up our minds that parliament is not the place to adjudicate on individual divorce cases.

Motion agreed to and bills read the second time.

BOUNDARY PIPELINE CORPORATION

The house resumed, from Tuesday, May 27, consideration in committee of Bill No. 62, to incorporate Boundary Pipeline Corporation—Mr. Larson—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. Macdonnell (Greenwood): Mr. Chairman, I wish to make some remarks on this bill. It seems to me that we face a rather strange situation. Since the bill was introduced there have been speeches made against it which to me seemed to have points of substance and arguments which were worth meeting. But I understand practically no answer of any kind has been made since the bill was introduced. I wish to deal with it mainly from the point of view of what I understand to be the interests and wishes of the provinces of Ontario and Quebec, to which this incorporation would seem to go counter. I repeat that it seems strange to me that we should be debating this measure twice a week, and that it is left almost entirely to those who are opposed to it to speak. I do not know whether the measure is considered by those who support it to be of such outstanding excellence that it needs no support at all, but certainly it does not seem to me to be in that category.

The point, of course, is a very simple one. This Boundary pipe line is proposing to bring natural gas to Winnipeg, and then take it south. The sponsors, I understand, are Regina men; and the argument, which I shall endeavour to develop at some length later, is that their proposal is unsound because it is admitted that within the foreseeable future there is not going to be more than one pipe line. If, in fact, gas is taken to Manitoba and then taken south, this part of Canada will be left to what can be obtained from the United States, and at the present time that would be largely from Texas.

As I said a moment ago, there are two possible routes for this Alberta gas to take. One is to go to Winnipeg, then south to Minnesota; the other is to go to Winnipeg, then on to Ontario and Quebec. It seems to me that quite apart from the advantage of having this gas go to the central provinces, the latter route has this additional advantage, in that it does something to lessen that feeling of separateness which we had in Canada for so long. It lessens that area in the middle which, for a long time made the country seem like a pair of spectacles. Every enterprise that lessens that separateness of the two parts of Canada seems to me worth while in itself, and this would be an additional enterprise to the railways, woods operations and mineral operations which are filling up that interval and making that gap less obvious than it used to be.

As I say, if Boundary Pipeline gets incorporation, and if the province of Alberta allows the gas to be exported, and if the gas is taken to Manitoba and then south, central Canada will be left to the tender mercies of the United States, particularly of Texas. I believe it is relevant, not only relevant but important, for us to try to assess the likelihood of our getting gas on any basis which we could regard as sure from the United States. Happily, we do not have to guess what the attitude of the United States is, because there is considerable evidence. I wish to stress this evidence. I believe it has been given to the committee before, but the very fact that we are meeting here again tonight to debate this measure shows that it needs to be stressed again. I propose to stress it again, and I propose to read from a judgment of the federal power commission in an application of the Panhandle Eastern Pipeline Company for permission to export gas to Canada for the Union Gas Company of Ontario. The judgment is dated August 31, 1951 and I shall read from it.

Before I do so, I should like to stress this point which we should not fail to bear in mind. We live in the greatest amity with our friends to the south of the line. We are extremely like them in many ways, and it is perhaps the happiest circumstance of our life that our relations with them are as they are. But we should not blind ourselves to the fact that they are hard-headed business

people. We can see evidence today, in connection with tariff matters, that they are beginning to revert to some of the exclusionist policies from which we suffered so much years ago. This judgment I am going to read—nobody can complain about it—shows that they are going to think about themselves. In thinking about themselves, they may not be able to think about us as much as we would like.

I now read from this judgment of August 31, 1951:

It is obvious from the foregoing that, in view of the demonstrated requirements of customers within the United States and the present designed capacity of the Panhandle system, no natural gas is available for exportation on a firm basis at this time.

I repeat those words "on a firm basis at this time", because anything less than a firm basis is really of no value. I shall have occasion later on to refer to what was said by Mr. Gemmell, minister of mines of Ontario. One of the points he stressed was that there was no use getting gas unless they got a guarantee of its continuance. It is better not to get it at all, because if a business community is built up on the basis of receiving a supply which is suddenly cut off one could imagine not only the economic confusion which would arise but the great bitterness and strife which would be in the greatest degree undesirable. I believe we have faced the fact that for us to export to the United States and then suddenly cut it off—when the shoe is on the other foot—is something that could hardly be contemplated. The United States, with its much greater strength, will certainly take that view.

I continue to read from the judgment:

The record, therefore, shows that the proposed exportation will not be consistent with the public interest. The application in this docket will, therefore, be dismissed without prejudice.

That seems to go a very long way to show that Ontario and Quebec would be in a most uncomfortable position if they were relying on the export of gas from the United States.

There have been other rulings to that effect, and I shall quote from another. I have a ruling on another application by Panhandle in 1946 for the right to export gas from the United States to Canada near the city of River Rouge, Michigan, to be delivered to the Union Gas Company of Canada. Here is an extract from the judgment:

No deliveries of natural gas shall be made to Union during the months of January, February, March, November and December in any year during the term of this authorization.

That is a comforting thought, that the months you could not get gas would be the very ones for which you needed it most. The reason is obvious, because those are the months the United States needs it most. The judgment goes on:

Delivery of natural gas to Union shall be curtailed or interrupted whenever, and to the extent, required for the protection of deliveries of natural gas, either for immediate consumption or for storage, to any and all of the applicant's customers in the United States.

That is very clear. I continue to read:

The authorization hereby granted shall not constitute ground or justification for any refusal by applicant to transport or sell natural gas to any person or municipality at any time during the term hereof, either for consumption in the United States by such person or municipality or for storage, or for resale for ultimate public consumption in the United States for domestic, commercial, industrial, or any other use, it being the intent of this authorization that at all times, persons and municipalities in the United States are to receive preferential service over that to Union;

That is the Union Gas Company of Ontario, the Canadian company. I do not see how we can complain about it, but we certainly would be extremely foolish if we did not take the warning that is there contained and govern ourselves accordingly. In this connection it is interesting to note that apparently there are some large cities in the United States which are not yet fully served. Philadelphia is mentioned as one of them. As I say, without labouring the point, I think the committee will agree that we are on notice that even if we can get gas from the United States, it will be on the strictly limited condition which I have just read.

In the light of this situation I would have thought that the committee which was appointed to consider this matter—that is to say, the standing committee on railways, canals and telegraph lines—would have wanted to try to get to the bottom of this thing and would have shown the patience and consideration which most committees show and which are the very genius of our whole system and of this House of Commons. Hon. members opposite often have to listen to speeches from us on this side of the house which they find exceedingly tiresome, and we have to do the same with regard to them; but it is understood that that is part of our system. Yet in this committee it seems to me the closure was used. Although the government has the right to use closure, it has certainly not been applied during my few years of experience in this house, and I understand that it has been applied but few times since it was first introduced forty years ago. But what I call closure—and I think it can be fairly described as closure—was used in this committee.

I should like to read briefly from the minutes of proceedings of the committee, just

to indicate what I mean. I am reading from page 73 of the minutes of proceedings of Thursday, April 24, 1952:

Mr. Cannon moved that sufficient evidence has been obtained for the committee to decide as to the economic practicability of the pipe line under consideration; and that the question be put on the preamble without further examination of the witness. After discussion and the question having been put on the said motion, it was agreed to on the following division.

I think that was a pity, because it seems to me that the genius of this whole system of ours is that there is a certain amount of forbearance shown by members with each other. I am on the defence expenditures committee, and a good many things have happened with which I have not agreed; and I think I have said a good many things with which the chairman did not agree and with which other members of the committee did not agree. But the chairman has been patient. We have sometimes been voted down. That cannot be helped. But we have been allowed to have our day in court and to say what we wanted to say.

Last Tuesday when this bill was before the committee for consideration the matter came into prominence because the hon. member for Iles-de-la-Madeleine raised it on a kind of long distance question of privilege which he reached with difficulty. I would imagine that he may have made parliamentary history. I greatly doubt if there have been many questions of privilege which lasted so long. At any rate it was interesting while it lasted. What struck me was that he moved this resolution, as I understood it, because he felt that the hon. member for Calgary West was not cross-examining the witness. I had probably better read his exact words. As reported at page 2631 of *Hansard* of May 27, he said:

The point is that the hon. member for Calgary West at that time was not in fact cross-examining at all. He was simply trying to get on the record, through the medium of that witness, figures that had been prepared by others.

My comment on that is this. The comment was made in this house the other evening that actually the hon. member for Calgary West was acting as a witness. The hon. member for Iles-de-la-Madeleine complained that the hon. member for Calgary West was acting as if he was a witness. In that connection the hon. member for Victoria (Ont.) who was also a member of the committee said:

He was as much a witness as Herring was.

Mr. Herring was the witness who was being examined. Without going into the niceties of the matter, and without going into the question as to whether the hon. member for Calgary West was in fact cross-examining the witness or whether he was in fact giving some evidence himself, may I say that, as we all know, he is a man with considerable knowledge of these things. Whether he was in fact observing the niceties of cross-examination or was introducing some information himself, I would have thought the committee would have been glad indeed to be informed and that the objection which apparently was felt so strongly by some members of the committee would not have constituted a serious objection at all.

I should like to read a little bit more from what took place in the committee because I think it is of some importance. I think there is one inescapable difficulty with all committees. We all know that they have to be chosen on a proportionate basis. We all know that they have a government majority. That fact cannot be escaped. We all know that, by and large, the government majority is going to vote as is desired. I am not criticizing that practice. All I am saying is that the whole genius of our system is that the rights of the minority are protected by their having their day in court, in other words by their being able to express their views.

I am just coming along now to the point at which closure was applied in the committee, and I think that is a matter of great importance. We arrived at the point where there was some question as to whether the hon. member for Calgary West was in fact cross-examining the witness or whether he was giving evidence. I read from the minutes of proceedings and evidence of the committee on railways, canals and telegraph lines, commencing at the bottom of page 76:

Mr. Cavers: Mr. Chairman, if I may be permitted a word; I do not think anyone wants to cut out discussion here.

I think that remark was in answer to the suggestion by the hon. member for Calgary West that perhaps the committee was not as ready to listen as they might have been. To continue:

The Chairman: I do not think anyone wants to cut out discussion here and I think the hon. member will himself agree that at the last session of the committee that probably a wider latitude was given than is usual in matters of this kind. After our previous meeting it was ruled that Mr. Herring should have an opportunity of bringing in a certain statement, a report which he was to table. He was to produce that statement; I think it was Mr. Nickle who at that time said he would like to know whether Mr. Herring could give evidence as to whether it was economically feasible to run a pipe line from Winnipeg eastward to the province of Ontario, or what his views were. If that evidence can be given today, and if a cross-examination can then be confined to that statement, to the statement which is to be put in by Mr. Herring, I think we might very well get along in that manner without anyone being prejudiced.

Mr. Green: It is the right in any committee, anywhere, for any member to express his opinion, quite apart from his right to cross-examine witnesses; so I suggest that we get on with the business and if the matter comes up later on we can deal with it.

Notwithstanding that, however, there apparently was a certain amount of uneasiness. Then we come to page 86 where the hon. member for Iles-de-la-Madeleine is reported as follows:

Mr. Cannon: Mr. Chairman, we have on the one hand the evidence that was given by Mr. Herring at the request of the committee, supported by telegrams, and we have the evidence on Mr. Herring's statement that the information in the telegrams was obtained from responsible persons; on the other hand, we have no evidence except the statement of a member of the committee here—he is certainly entitled to express views, or to express his opinion as a member of the committee—the only evidence we have is the evidence submitted by Mr. Herring.

Then the hon. member for Iles-de-la-Madeleine makes this motion:

I move at this stage that the committee has obtained sufficient evidence to decide on the economic practicability of the pipeline under consideration and that the question be now put on the preamble without further examination of witnesses.

Then the hon. member for Vancouver-Quadra said this:

Mr. Green: —I am somewhat at a loss to understand why Mr. Cannon should make a motion of that type which in effect stops any further cross-examination.

In other words, Mr. Chairman, as you see closure was applied. The hon. member for Vancouver-Quadra continued:

Surely, we are here as reasonable men trying to get this story before the committee. It may be that it is taking longer than some of the members think it should but we will have another hour of sitting this morning. It is most unusual in my experience for a member on a particular bill to get up and move that the discussion be shut off. Now, this is not a party matter. It does not involve any question of policy. Surely, the committee members are in favour of getting full information. It seems very strange that we should have someone rushing in to protect that particular charter.

Mr. Cannon: I am not protecting it.

Mr. Green: In effect that is what it is, by preventing any further cross-examination.

I will not pursue this any further, Mr. Chairman, but I will come back to point out what I said at the outset, that I cannot understand, first of all, why nobody, or practically nobody ever stands up to support this measure in the house. Second, I cannot understand why it would not have been agreeable to all concerned to let the examination go on. Surely we were seeking for truth in the matter. I do suggest that the proceedings of the committee were, to put it mildly, most unfortunate and most regrettable. I should like to say that my experience in other committees is that every effort is made by the chairman not to arbitrarily cut off anyone who has a view to express on the matter before the committee. That

is not to say the chairmen always allow you to discuss everything you think you should be allowed to discuss. I am not saying that, but I do say in general the chairmen are considerate, and I do not know of any case in which this has been done. If other people do know it might be interesting to bring it up, because I think to have virtually what can be described only as closure used in committee is a very unfortunate matter.

I said at the outset that the reason I was taking part in this debate and trying to sustain an argument against the measure was that the provinces of Ontario and Quebec, through their government representatives, have expressed themselves in such clear fashion. That being so, it seems to me there is the strongest onus on us, at any rate, to stop, look and listen before we go ahead with something which, so far as I can see from the record, is entirely inimical to their interest. I hold in my hand two statements by Mr. Gemmell, the minister of mines in the province of Ontario. I also have a statement by the premier of Quebec. I want to put these on the record. They are very clearly expressed. There is no doubt in their minds as to what the interests of their provinces demand. Incidentally, Mr. Chairman, we will find, particularly in the case of the statement by the premier of Quebec, a strong feeling that this is not merely a matter which is in the interests of Ontario and Quebec, but it is a kind of national matter which is in the interests of Canada regarded as a whole.

Here is what Mr. Gemmell said on January 26 last, as reported in the *Globe and Mail*:

Ottawa, Jan. 21.—Even if it has to be subsidized a pipeline should be built to bring Alberta natural gas to Ontario and Quebec, provincial mines minister Gemmell said here today.

In Ottawa to attend the annual meeting of the Canadian institute of mining and metallurgy, Mr. Gemmell declared that a west-to-east natural gas pipeline was as important to national prosperity today as the C.P.R. was when it was started in the 1870's.

That I find interesting, and I anticipate what he says in a later statement that I am going to read, because he speaks again of the foresight of those who built the Canadian Pacific Railway through Canada even though it would have been shorter, and I suppose cheaper, to build it through the United States.

I continue reading from Mr. Gemmell:

He envisaged the gas heating of homes, factories and office buildings throughout Ontario as well as the use of gas to generate the motive power of thousands of industries. He believed, he said, that there would be an initial market in eastern Canada for 300 million cubic feet of gas per day, rising to 500 million cubic feet in five years and one billion cubic feet per day in ten years.

At present an Alberta government board is entertaining a proposal by the Canadian Delhi Petroleum Company whereby the firm's subsidiary, Trans-Canada Pipe Lines, would build a pipeline to follow the C.P.R. main line from the Alberta oil and gas fields to Toronto and Montreal. The line would cost $250 million, take three years to build and would require 750,000 tons of steel. Such a tonnage of such a scarce commodity could only be obtained on general agreement that construction of the pipeline was vital to national defence. Mr. Gemmell says it is.

Natural gas is much cheaper than the manufactured gas such as is retailed in Toronto by the Consumers Gas Company. Manufactured gas costs roughly $2 per 1,000 cubic feet whereas natural gas would cost in Toronto $1.10 to $1.15 per 1,000 cubic feet. What is more, its heat is such as to bring a kettle to the boil twice as quickly as manufactured gas would.

I have to take his word for that; I do not understand gas well enough to express an opinion myself. The article continues:

It is believed that if Alberta gas were piped east, the Consumers' Gas Company would distribute it in the Toronto area.

If Alberta gas is so much cheaper and could be delivered to Ontario so readily, what is holding it up, anyone might ask. Mr. Gemmell gave the answer. The Alberta government will not let gas out of Alberta until it is satisfied that enough would be left to supply Alberta's present and potential needs. Naturally, Alberta wants the gas to build up industries of its own as well as to heat the homes of its own citizens. Thus, export to other provinces is a secondary consideration.

For these reasons, the Alberta petroleum resources board is giving long consideration to the Delhi application for permission to pipe gas to Ontario and Quebec. Some experts say Alberta has plenty of gas and to spare but the board is investigating. And when and if the Alberta board gives the pipeline the nod, its promoters must next get permission from the board of transport commissioners here to build the line. It is thought, however, that if the Alberta board agrees, the transport commissioners will not make any difficulties.

An alternative suggestion, Mr. Gemmell said, is that if Alberta would allow gas to be piped into the western United States, Ontario might draw an equal volume from the Texas wells. Gas is now being piped north from Texas to Detroit and thence into Windsor and western Ontario.

Mr. Gemmell declared the provincial government was wholly opposed to any deal of this kind. In the first place, he said, it was very doubtful that the United States authorities would agree to supply Ontario with a firm uninterrupted volume of gas, day in and day out, year by year.

"Secondly," he said, "there is the question of the national interest. Sir John A. Macdonald could have built the C.P.R. through the United States. It would have been a shorter route. But he had it built through Canada and subsidized the C.P.R. to build it that way and I think most Canadians will agree that he was right. We in Ontario are sticking to the view that a strictly national use of our national resources is the best thing for Canada in the long run."

Mr. Gemmell suggested that the pipeline company might need a capital subsidy to build its line, although when the company sought a parliamentary charter a few years ago it made no mention of a subsidy. He believed that in the national interest and particularly in respect of defence, the federal government would be justified in applying public funds to such a purpose. He made it clear, with a laugh, that he was talking about a federal subsidy, not a subsidy from the Ontario government, of which he is a member.

The proposed Trans-Canada pipeline would be of 30 inches diameter from the Alberta fields to Winnipeg and 24 inches thence to Toronto and Montreal. It would bring the gas to western Ontario where the old gas wells in Dawn township, between Sarnia and Chatham, present a ready made storage basin. These wells were pumped out years ago and are now used by the Union Gas Company of Chatham to store the gas it buys from Texas.

Mr. Gemmell said these old wells were one of the best gas storage basins in the world. They are needed because gas, like electricity, is used more in the winter than in summer.

I have another statement from Mr. Gemmell that I should like to read if I have time, but first of all I should like to read a statement by the premier of Quebec dated March 28:

Premier Duplessis said today a Texas firm and an Alberta firm want to export natural gas to this province, but Quebec has decided that if any is to be imported, it will come from Alberta.

The premier told his weekly press conference that representatives of the U.S. and Canadian pipeline construction firms had been in touch with him.

He said nothing had been decided yet on whether pipelines will be built into Quebec.

But he said Quebec preferred to import gas from Alberta because it would support a Canadian industry . . .

He said representatives of United States and Canadian pipeline construction firms had been in touch with him about the possibilities of exporting natural gas.

The premier said nothing had yet been decided as to whether pipelines would be built or not into Quebec province. But he said, if natural gas is to be imported it will not be U.S. gas.

The premier said Quebec preferred to import the gas from Alberta because it was preferable to support a Canadian industry, not subject "to a foreign authority."

Well, you will agree that this statement I have read bears out what I said at the outset, that responsible authorities in Ontario and Quebec believe that it will be most precarious and unwise to rely upon sources south of the international boundary line, and that the proper course, as soon as the province of Alberta makes up its mind that sufficient gas can be spared, is that that gas should be brought to eastern Canada.

So I wish just to review briefly the arguments I have made to date. It is agreed that there is to be only one line at the present time. It is agreed—indeed, it is not only agreed; it is in the record—that the present applicant is proposing to bring gas to Winnipeg, and then take it south. That would mean the central provinces would have to negotiate with Texas.

I have read the judgments of the United States authorities which say that gas can only be exported subject to American requirements. I have pointed out that there are United States cities, notably the city of

Philadelphia, which are short of gas at the present time. Therefore it seems to me self-evident that the position of the provinces of Ontario and Quebec is such that it is an imperative need for them that, as soon as gas is available from Alberta, it should be brought, not to Winnipeg, and then turned south at the border but that it should be brought straight east.

Mr. Gemmell had some other things to say on this matter which are worth reading, because they underline what I have already placed on the record; and these statements were made two months later, when he was two months wiser and had a certain amount of additional information. This is his statement on March 6, 1952:

Despite the bright future for natural gas in eastern Canada, not one Canadian-owned firm has shown interest in piping it from Alberta, mines minister Gemmell said yesterday.

"Shall we always have to depend on our neighbour's eagerness to capitalize on our lack of imagination and daring to develop our country's resources?" he inquired of a Kiwanis club luncheon at the Royal York.

"Or shall we, as Canadians, decide once and for all that we could do this job all by ourselves and reap a greater share of the benefits to be derived from the exploitation of this, the most promising country on earth?"

That, by the way, leads me to point out that I understand that although this application is made by a group of Regina men, actually behind them is a United States pipeline engineering firm known as Fish Engineering Corporation of Houston, Texas. I am the last one in the world to object to United States capital coming in here. But I am referring to this view expressed by the minister of mines of the province of Ontario, which has some bearing on this present application. The article continues:

Noting that a decision on five applications to pipe natural gas out of Alberta is expected late this month or early in April, Mr. Gemmell expressed the fear that it might all go first to the U.S. and that the one company proposing an all-Canadian pipeline—the U.S.-controlled Trans-Canada Pipe Lines—might be turned down.

While there was something to be said for the view that it was better to pipe Alberta gas first to the U.S. and then into eastern Canada, the mines minister suggested that, in the long run, an all-Canadian project would be better. "No matter how you look at it," he declared, "the future of Canada, and certainly the future of eastern Canada depends to a large extent on the decisions to be made by the Alberta conservation board, the Alberta government and the board of transport commissioners at Ottawa. I, for one, am inclined to believe that the interests of the majority of Canadians will not be forgotten at the time of decision.

"We need natural gas in eastern Canada . . . Natural gas will replace hydro as our source of power in the years to come . . . We need a guaranteed supply of natural gas in northern and eastern Canada. I should like to underline that word guaranteed."

[Mr. Macdonnell (Greenwood).]

The view that gas could be brought more easily from Texas, Mr. Gemmell suggested, snagged on the word guaranteed. Already one application by an American firm had been turned down by the U.S. government, and another withdrawn because rejection had been indicated.

"In view of the Washington attitude toward Canada's reciprocal agreement relative to the St. Lawrence seaway, the question is raised as to the dispatch with which the U.S. would consummate the proposed natural gas deal," he said. "Further, no necessity exists whatever on Canada's part for a natural gas reciprocal agreement. An all-Canadian pipeline to serve Canadians awaits only government approval.

"Proponents of the reciprocal agreement theory suggest there would be no difficulty encountered in having the U.S. Natural Gas Act amended . . . They say, in effect, that U.S. citizens have a warm spot in their hearts for Canadians and would not raise a finger to stop natural gas from running past their non-supplied homes as long as we, in Canada, put it to good use. Well, that's a little hard to believe."

The all-Canadian line, Mr. Gemmell said, would serve over 5 million people, many more than any of the other projects being considered by the Alberta board.

An initial market of 200 million cubic feet a day is anticipated, rising in three years to 365 million and in 10 to a billion.

Cost for the heating of homes in Toronto by natural gas would be only about half that of manufactured gas, and its availability would be a "tremendous" stimulant for new industry in Ontario and Quebec.

I shall not repeat the arguments I have made; but I will say it seems to me that those who are supporting this bill are under a strong onus to stand up and answer these arguments being made by responsible public men in the governments of Ontario and Quebec. These men have studied the matter; it is vital to them. They have expressed their views definitely; and I think it is an undignified spectacle for this House of Commons to go on with this one-sided debate —if we could call it a debate, at all—this one-sided monologue, when arguments, serious arguments by serious people, have been put forward which, so far as I am aware, no one has attempted to answer. However modest we may be, however unworthy we may feel ourselves to be, we are not quite at the point where there is no need at all to answer arguments made. And even if hon. members do not think it is worth their while to answer us, they might think it is worth while to answer the governments of Ontario and Quebec, whose views I have tried to express.

Therefore I say that in the light of the evidence before this House of Commons, no one in the house has any right whatever to vote for this measure.

(Translation):

Mr. Gagnon: Mr. Speaker, like my neighbour, the hon. member for Lethbridge (Mr. Blackmore) and my good friends of the Social Credit, I am glad that the Creator has put gas deposits in the area making up Alberta

today and that following the discovery of such deposits clever and courageous people have undertaken to develop them.

There lies in western Canada . . .

So states Mr. Gerard Gardner in his book "A study of the Economic Value of the Canadian Far North"—Mr. Gardner is a Ph.D. of the Université de Paris and a professor at the School of Higher Commercial Studies, in Montreal.

—a vast strip of land capable of yielding oil and gas. This strip extends from the American border, which it crosses, up to to Arctic ocean, to the north; from the Canadian shield, in the east, to the Rocky mountains, in the west. This vast region covers 891,000 square miles of sedimentary ground. This strip is so vast that Texas, California, Oklahoma, Kansas and Louisiana laid upon it would not cover it completely. These five states are indeed the biggest producers of gas and oil in the United States and their present reserves and their production to date amount to an approximate 50 billion barrels. This does not necessarily mean that the Canadian area contains riches comparable to the resources of those five American states, but serious and justified hopes may be entertained with regard to future developments. We might say that deposits already discovered in that strip of land in Canada have reserves of over a billion barrels.

The whole Canadian people are bound to benefit from this providential windfall which at the present time gladdens the hearts of the people and the government of Alberta. But, in order to benefit fully from this new wealth, it is important to have it distributed in a judicious and adequate manner, so as to serve Canada first.

We must not consider only the present, but also the future of this country, which may be foreseen as a brilliant one.

In my opinion, the Alberta government has shown wisdom and foresight by establishing, in 1938, the conservation board, in order, among other things, to regulate production and to protect the oil fields against the disastrous fires that were then occurring in the Turner valley.

I hope it will continue in that direction and will ensure that the resources of the province will be developed to the benefit of all Canadians.

On the other hand, we should investigate carefully the petitions for charters submitted for our consideration by companies anxious to organize the transportation of natural gas. During the past few years we have been called upon to examine several bills like the one we are discussing tonight.

In October, 1949, we dealt with bills relating to the Alberta Natural Gas Company and to the Prairie Transmission Lines Limited.

Those bills were not passed and had to be submitted again at the following session.

The main point of division among members at that time was the matter of deciding whether we should compel those companies to build their pipe lines entirely on Canadian soil, so as to serve our cities and rural areas before those of the United States.

These private bills won the support of leading government spokesmen and of some cabinet members who recommended their speedy approval, though they were vigorously opposed by Progressive Conservative and socialist members.

The hon. member for Lambton West (Mr. Murphy) pointed out last Friday that the Liberal party is in favour of the exportation of Alberta gas to the United States, but the provincial Liberal party in Alberta vigorously opposes the idea.

There lies an amazing contradiction which prompts us to ask ourselves whether the higher interests of the nation are adequately protected by the party now in power. It has been said in this house that the sponsors of the Boundary Pipeline Corporation, though residents of Regina, are in fact nothing else but dummies, used as a screen by the Fish Engineering Corporation of Houston, Texas.

I would like to know what are the purposes of this company in thus hiding behind these men. What booty are they looking for and who will be their victim? We must proceed with great care.

This very company is also closely connected with the Prairie Transmission Lines Limited.

I do not think that it would be wise to grant this charter.

The Interprovincial Company whose pipe line goes from Alberta to Superior, Wisconsin, is at the present time carrying adequate quantities of natural gas. However these supplies, because of the growing industrial importance of Ontario and Quebec, will not be sufficient to provide the whole of these two provinces' needs should this company be incorporated, and should it receive the right of installing a pipe line of only 16 inches in diameter. In this way we shall lose a further opportunity of obtaining the gas we need. It is only natural that our first concern should be for our country and that we should work towards its advancement.

In the article I was quoting from a while ago, Mr. Gardner writes further:

To find gas and oil and take it from the earth is not enough. The great problem, which is the same all over the north, is to transport this gas or oil by pipeline to the south since there is no possibility of consuming it on the spot. The most readily reached markets are those of the American middle-west and central states. I am not concerned with

the question of transporting gas or oil towards American or Canadian markets, but we have here facts which are of paramount importance in our economy. Business men should follow most closely everything that is done in this connection. The construction of pipelines would bring great changes to the economics of gas and oil.

It is interesting to note that:

Oil production in northern Alberta, in 1950, reached 28,200 barrels for the Normandville field (one well), 6,206 barrels for the Whitelaw field (one well), while the Bolloque lake field yielded only 753 barrels, this well having been abandoned later on.

(Text):

On motion of Mr. Gagnon the debate was adjourned.

Section stands.

Progress reported.

Mr. Deputy Speaker: The hour for private and public bills having expired, the house will resume consideration of the business under discussion at six o'clock.

SUPPLY

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

DEPARTMENT OF DEFENCE PRODUCTION

A—Department—

79. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $7,332,492.

Mr. Adamson: Mr. Chairman, when the committee rose at six o'clock I was about to discuss some of the problems of aircraft production. I think the one thing the country is interested in is when we can expect delivery of the weapons of defence in substantial numbers. We have really just arrived today at the end of our tooling-up program. We are about to produce. Nothing is worth anything until production gets going and the weapons of defence are delivered in numbers to the fighting services who may use them. I realize this is difficult. I realize that a great number of things we have had to produce have been new and have not been produced before. Apparently in all democracies there is a chronic shortage of machine tools. Engineers tell me that their idea of heaven is a place where there are enough machine tools for everybody to have one with which to work, but apparently the shortage of machine tools in Canada today is still chronic.

Mr. Stick: We are a long way from heaven.

Mr. Adamson: Apparently so. It may or may not be fortunate that we are a long way from heaven, but we still have a shortage of machine tools. Coming to defence production, and with particular reference to the A. V. Roe Company, may I say as a member in opposition to the government that I think this company has been subjected to a great deal of unwarranted criticism. The A. V. Roe Company started virtually from scratch. First of all they endeavoured to design and then produce three things, the Orenda engine, the CF-100 and the jet liner. For a well established aircraft company to have tackled these three projects at the same time would have been a major operation; but for a company which was in its formative stage to attempt these three things was almost a heroic venture.

Hon. members may think that the design and the production of a prototype of an aircraft or a new jet engine is a difficult thing, but compared with making that prototype an item on a production line I feel that the design and development of the prototype is comparatively simple. It was in the hiatus period between the testing of the prototype and putting the engine or aircraft on a production basis that the trouble took place. In part I blame the government for the reason that they did not fully appreciate the difficulties. The Minister of Defence Production probably did, but the Minister of National Defence certainly did not, and the Canadian people have become rather disenchanted with this establishment because of the glowing statements which were made when the prototypes of the Orenda engine, the CF-100 and the jet liner were first tested.

When the first CF-100 was test flown two years ago, I believe, there was an unfortunate incident. It was unfortunate in this way, that when a new aircraft is being tested and test flown for the first time it is generally the most—I will not say "secret"—nerve-wracking performance. When the aircraft is not only a new aircraft being test flown for the first time but has new engines in it, then it becomes a doubly nerve-wracking procedure. Not only are millions of dollars of effort riding on the aircraft but the very lives of the flight crew and test pilot are involved. As somebody has explained to me, test flying a new aircraft with new engines is like a woman having her first child. She does not want an audience. When this new aircraft was being flown for the first time the Minister of National Defence and a large contingent of top brass appeared at Malton for the accouchement, and the flight crew were so annoyed at what had happened that they very nearly refused to test fly the aircraft.

The aircraft was flown, but that is an example of the interference with this operation. As I have tried to explain to the committee—and I think the minister agrees with me—the design, development and production of a new aircraft with new engines is an extremely difficult thing to do even if

you have a background of years and years of production experience, but to do that with a comparatively new plane of new design is very difficult indeed. To have the top brass of the air force and the Minister of National Defence sitting around and saying now, you had better take off because we have got to get back to Ottawa, would be an intolerable burden.

That is the sort of thing that has bedevilled the A. V. Roe Company ever since it has gone into production. They are producing a good aircraft. They have a good engine. It is tragic that they had to abandon the jet liner, but the reason there is disenchantment, as I said, with this concern is that when the prototype was developed the government said the prototype meant production. A prototype does not mean production. The development of a prototype may still mean that you are years away from production, and it is most unfortunate that this very valuable contribution to the Canadian aircraft industry has been so bedevilled by this sort of thing.

There is just one thing more, Mr. Chairman. When the first CF-100 was flown by the R.C.A.F. it was known that there were certain structural weaknesses in the aircraft, and exactly what they were. I have a memo here of what they were. Actually it was a spar web which had no real structural importance whatever in so far as the safety of the aircraft was concerned. When aircraft No. 18104 was delivered there were strict instructions on the aircraft not to fly it over a certain number of G's—I think it was three. Apparently it was flown and tested at 5½ or even 6 G's. This internal spar web cracked because of the flexing of the main wing structure, not a serious difficulty. It did not make the aircraft unsafe in any way, and it was certainly a small defect which has now been remedied.

I state these things because I believe this firm has done a unique job, and a great deal of criticism has been levelled at A. V. Roe because of the government having said, We have these aircraft, when in fact they did not have them at all. That is one of the inherent dangers in this whole business of defence production.

My criticism of the department, Mr. Chairman, is simply this. We have the plants and we have the technical know-how. What we do not have is a certain knowledge that, not the prototypes but the weapons which we need and which our allies need to defend the free world are going to begin rolling off the production lines. The representatives of the people of this country want to know the truth. We are prepared to be told the truth. If the time lag between the prototype of the aircraft and the production of that aircraft is two years, let us know it. Do not say that we have the best aircraft in the world and it will be in production next week or next month and we will be producing it at the rate of fifty aircraft a month, when anyone who knows about aircraft production knows that is impossible. Such a person disbelieves a great deal of the story—I think it is a good story—about what we are producing.

In the future—I do not say this particularly of the Minister of Defence Production, because I think he has been quite frank—let us not have these propaganda statements from the government that everything is perfect. Everything never can be perfect in defence production; it must be a continuous headache. Let us admit that. Let the Canadian people have the facts. Let us have our bottlenecks, and have them explained in this house. Let us have the whole story of defence production delivered to us in its brutal, unvarnished truth if that may be necessary. Let us not have these propaganda statements that we are producing the best aircraft in the world, when we merely have the prototype. Let us not have this propaganda that we have the finest minesweepers or the finest escort vessels when they are still on the stocks. Let us have the real facts. We are fooling no one but ourselves by pretending that our defence production is better than it is.

Mr. Dinsdale: Mr. Chairman, in considering the estimates for defence production it is inevitable that the topic of decentralization of industry should come up. Today we have heard two hon. members refer to that subject. In looking at the report of the department, on page 26 we find some brief reference to the role played by the small industries division in defence production. It is largely on that topic I shall concentrate tonight.

Recently in the *Financial Post* an article appeared to the effect that small industry has lost interest in making its contribution to our defence production program. I wish to point out to the minister tonight, speaking as I do on behalf of a Manitoba constituency that has been eager and anxious to make a small contribution, that this article does not refer in any way to the Brandon situation. As a matter of fact the Brandon defence pool, which drew considerable attention just a little over a year ago, as a unique approach to the handling of the problem of industrial decentralization received honourable mention in the *Financial Post*. The example it established in pooling its industrial potential has since inspired other communities of similar size to follow suit.

Unfortunately, in the year's interval the head of the small industries division has changed, the personnel has changed, and it might be that the up-to-date situation is not completely known to those responsible. The Brandon pool is still active and is still vitally interested in using the capacity it possesses for production in connection with our defence program. This applies to Manitoba generally, too. It might be of interest to the members of this house to know that for the first time this year Manitoba is having a trade fair, modelled on the Canadian international trade fair, but of course on a considerably smaller scale. This fair is to be conducted in connection with the provincial exhibition which takes place annually in the city of Brandon. It is hoped that some 80 or 85 industrial exhibitors from Manitoba will make use of the space available. I refer to that fact merely to indicate that there is no justification for making the claim that small industries have lost their interest in making the most of the opportunities provided for industrial expansion during the present period of huge expenditures for defence purposes.

Reviewing the situation up to the present time, so far as the Brandon pool is concerned we have actually had very little success. I realize that the minister is sympathetic in his viewpoint toward this problem of feeding suitable contracts to small defence industries, but there are difficulties that have already been mentioned. For example, there is the difficulty of natural trends, where it is exceedingly hard to break industrial trends that are already under way. But I feel there have been instances when contracts might have been awarded to the small defence industries had the situation been completely known.

We have been fortunate in receiving a contract for the fabrication of steel by the Canadian Brown Steel Tank Company. Again, our oil refinery has received certain contracts with regard to the supplying of fuel. But one industry that we are nurturing carefully, the Melco Electric Company, as yet has not been favoured with a contract. Yet with its 65 employees it is ready and waiting, as the article in a recent issue of *Saturday Night* expressed the Manitoba viewpoint.

There is a particular problem on which I might get some information. The Oshkosh Filter & Softener Co. Canada Ltd. tendered on an item, No. G-39-3A-494. The tenders were first called in November, 1951, to supply a water softener plant for Camp Shilo. Inquiries I made early in March indicated that the contract had not been awarded, and there is still no information as to the present situation with regard to that particular job. I state the claim of this company because it is the only water softener plant west of the great lakes; and it should be in good position to meet the requirements of the contract.

In an industrial situation such as that prevailing in my own constituency, the smaller industries are finding that the expense of submitting tenders is almost prohibitive. It would be a considerable source of encouragement if, from time to time, tangible results were forthcoming. Because of the slowness in getting the small industry division under way, owing to change of personnel and unforeseen difficulties, no doubt, one of the members of our Brandon pool hired an industrial consultant. Actually this was done, I believe, as a result of an inquiry I made last fall, one that has already been referred to by the hon. member for Queens, when I tried to get information as to the breakdown of defence production contracts on a provincial basis. In reply to that inquiry I received the information that such statistics were not available, mainly because industrial consultants had set up offices in the city of Ottawa and a great many of the contracts were being awarded through these agencies.

On learning of that fact, one of the companies involved in the Brandon pool hired the services of a consultant, but unfortunately this measure has not as yet overcome the difficulty. I re-emphasize the fact that any impression that was conveyed by the *Financial Post* article concerning lack of interest on the part of small defence industries certainly does not prevail in respect to our Brandon defence pool.

The subject of the difficulties faced in the process of the dispersal or decentralization of industry has been adequately covered by earlier speakers today. For example, we have already heard of the natural trend which has tended to plague our western countries, whereby we find that industrialization has become almost synonymous with urbanization. The two processes are inseparable. Wherever you have industrialization, inevitably huge metropolitan areas establish themselves. That has been the tendency for the last century, at least in the western world.

I am not going to deal exhaustively tonight with the arguments pro or con as to the advantages or disadvantages of the process of urbanization; but social thinkers are rather inclined to emphasize the unsavoury social effects that follow in the wake of this process of urbanization. The whole matter was summed up neatly in an article, under the heading of "Modern Utopia" by Bruce Hutchison, which appeared in the Ottawa *Citizen* of February 19, 1952. He was referring to the situation in which the city of New York finds itself, and the typical New Yorkers

who are supposed to have the highest standard of living of any people in the world. Incidentally, it is a situation the city of Toronto is perhaps rapidly approaching as it is faced with the tremendous boom of the post-war period. Mr. Hutchison says:

> . . . the rich New Yorker who is the envy of the entire world arises at about 6 a.m. and hurries through his breakfast. He is then driven some ten miles along slippery roads and through the heavy traffic of various towns to the nearest railway station.
>
> Here he is jostled by the cranky morning crowds on a cold windswept and dirty railway platform while gigantic trains, half a mile long, flick by, at least one a minute. Finally his own train stops and he is swept inside by a stampede of angry commuters, all with a high standard of living, a stomach ulcer and a harassed look. One is lucky to get a seat on the train and sit there for an hour and ten minutes while it wallows into the Grand Central.
>
> The Grand Central at about 9 a.m. presents a sight very much, I imagine, like the buffalo herds of the Canadian prairies before the white man arrived, except that these herds are in a greater hurry. Only an experienced half-back can buck this line.
>
> But if one survives, this is by no means the end of the journey. Now the high standard man descends with swarms of his own kind down dark and unclean passages into the bowels of the earth where, out of a black tunnel, roars the subway train, pauses for half a minute with open doors and then, swallowing up its passengers as a whale swallows herring, is off again with deafening sound through the bored rock of Manhattan island.
>
> Thus about two hours after leaving home the high standard man finally staggers into his office to begin work. At 5 p.m. he repeats the same process in reverse and after a quick bit of dinner collapses into bed to prepare himself for the same carefree life next day.

That is known as the highest standard of living in modern civilization.

We could go on at length dealing with the social problems that emerge as a result of the process of industrialization and urbanization. As I have already said, the hon. member for Queens dealt with that subject, indicating that around the central area of these huge metropoli you have problems of delinquency and the multiplicity of social evils that plague our society today. In order to break that trend toward urbanization conscious effort and planning is going to be required; and we have a whole new movement of community planning developing in our midst. But I maintain, Mr. Chairman, that the community planners can do nothing until such time as industry is dispersed or decentralized, because your population must inevitably gravitate in the direction of large industrial areas. I will admit that there is a natural process of decentralization developing. We find the movement toward suburbs becoming increasingly popular, mainly because of the social amenities deriving therefrom. But in this great country of ours, with the vast wide open spaces, there is no reason at all why industry could not be much more widely dispersed than it is at the present time.

I realize the problems of history. Industrial development got under way much earlier in the central provinces. There is the great geographical barrier, the great formidable natural barrier, the Pre-Cambrian shield, and so forth. But today, when resources are being discovered right across our country, resources which have been waiting for development up to the present time, there is every reason why encouragement should be given to this very necessary process of decentralization of industry.

Unfortunately, as much as we appreciate both the basic economic necessity and the military necessity of the St. Lawrence waterway, there is some criticism. The Minister of Transport, when speaking on this subject last December 6, said something along this line in regard to the criticism which was raised by the railroads, which were protesting that the construction of the St. Lawrence waterway would interfere with their business. In his reply the Minister of Transport referred to the industries that will grow up on the St. Lawrence waterway in such large numbers that they will offset any loss of business or revenue that might be suffered by the railways as a result of the construction of the canal. In other words, in the very near future we can contemplate the establishment of a Ruhr valley in eastern Canada, much longer and larger and more vulnerable than the original Ruhr valley; and those who had anything to do with the Ruhr valley during world war II will realize how vulnerable was that area, particularly to aerial attack. Once effective bombing tactics, techniques, methods and weapons were developed it was just a matter of time until almost the whole industrial potential of the Ruhr valley was destroyed, a factor which contributed largely to the successful conclusion of world war II.

This brings me to the point of the dictates of our military strategy and defence. The hon. member for Queens has already referred to this subject. If the international situation is as dangerous as indicated, of course every effort should be given to decentralize our strategic and vital industries over as wide an area as possible.

In addition to the necessity of overcoming natural trends and the demands of our defence requirements, I should like to pause for a brief moment and refer to the peculiar situation in which Canada finds herself. Decentralization of industry in Canada is a unique and difficult problem, different from the problem of dispersal of industry in other

areas, mainly because of the factors I have already outlined, namely the historic factors and the factor, for example, that the west was opened up at a much later date than the eastern provinces. As a result we on the prairies now find ourselves in the situation industrially that prevailed in eastern Canada after world war I, when there was a great upsurge. We must admit—I am speaking now particularly from the point of view of Manitoba—that we have moved far from the basic agricultural economy. For example, we can boast of an industrial output last year of almost $600 million. Unfortunately most of that has been concentrated in the eastern area of our province, particularly around the city of Winnipeg. I think the actual figure is something like 85 per cent.

We also have a population problem. It is both a quantitative problem and a qualitative problem, the number of people we have and the kind of people we have. We have lost large numbers of our citizens. We have not even been able to maintain a population increase based on natural increase. We have been constantly going back. It is claimed, as I have pointed out before, that unfortunately it is the more enterprising citizen who moves to the industrial areas of the country; so we are handicapped both quantitatively and qualitatively. I repeat, Mr. Chairman, the situation is such in Canada that the opportunity is there. With huge expenditure for defence purposes we can help overcome these difficulties by a conscious, logical approach to the problem. I appreciate that the need is well recognized by the minister and those responsible for the handling of defence expenditures. I merely wish to emphasize that we are very interested in playing our part to the maximum, using the facilities we have, and at the same time enlarging those facilities during a period when every opportunity is there for industrial expansion.

One final word on this subject. It seems to me that a basic difficulty of democracy in Canada would be overcome, could we establish the ideal of an equitable distribution of industries across the country. We know that local democracy has lost some of its vitality and some of its enthusiasm mainly because our communities have been depopulated with the constant drain of our human resources arising from rural urban migration. By relocating or encouraging smaller industry in some of these smaller communities we can assist measurably in re-establishing and reactivating the spirit of democracy in our local communities. I say that we cannot have a vital democracy on other levels of government, either provincial or federal, unless the individual citizen in his home community is carrying the responsibility of local affairs.

What could result from the establishment of one small industry has been very nicely indicated by F. J. Lyle, who is the director of the trade and industry branch of the Ontario government.

He said:

> A Canadian plant employing 150 men entails, on the average, these material benefits:
> Support for one 22-room school and its teachers;
> 110 occupied homes;
> A livelihood for 24 professional men;
> Purchase and operation of 135 automobiles and services for them;
> 33 retail salespeople and annual sales of $325,000;
> Support for 6,600 farm acres whose products are consumed by the factory employees, their families, and the families of those tradesmen and others who are sustained by the factory.

That demonstrates dramatically the beneficial effects that will result and are resulting as this process of decentralization continues. I only hope that every effort will be made to carry out the intentions of the small industries division, as expressed at page 26 of the report.

Then I would submit one final question to the minister, and this on a different subject. I noted that in his review of the activities of the department he made reference to the manufacture of ·5 calibre machine guns, and also the ammunition for the machine guns. I believe the factory carrying out that contract is known as Canadian Arsenals. Several times in the house I have made inquiries as to the status of ·5 calibre armament. I know the subject is discussed repeatedly in military circles. I first became aware of the controversy during world war II when the tendency was to emphasize larger armament for the Royal Canadian Air Force. For example, during the progress of world war II we moved from ·303 machine guns, finally concentrating on 20 millimetre cannons. The controversy then, as it is today, was between the United States and Britain as to the respective merits of the ·5 machine gun and the 20 millimetre cannon.

Repeatedly the effectiveness of the ·5 weapon is questioned by those in authority. Some few weeks ago I made reference to the comments of a pilot in the 410th squadron located in England, the comments of Major Davies of the United States air force, one of the United States aces fighting in Korea, and more recently to the comments of Dr. G. M. Shrum, a member of Canada's national defence board and of the national research council.

Dealing with the presence of obsolete and obsolescent weapons in our forces, he had this to say in regard to the ·5 machine gun:

> Jet planes, travelling at 700 miles an hour, are using obsolete machine guns.
> "They might as well be shooting at each other with pea shooters."

That is language similar to that used by the pilot in the 410th squadron overseas.

The question that arises out of these comments in this: Are we embarking upon a large-scale production of ·5 calibre machine guns and armaments, which many people feel is obsolescent? If it is effective at all today, it is obsolescent and very soon will be superseded by rocket projectiles still in the experimental stage.

Mr. Pearkes: Mr. Chairman, I believe our defence efforts would fall under three headings. First there is the planning stage; then there is the provision of personnel and, third, the provision of equipment for those personnel. I think all hon. members in the committee are familiar with the details of the planning stage. It is built up on a three year program in order to meet our commitments for the defence of Canada, our commitments in connection with the North Atlantic Treaty Organization and the United Nations, and to build up a general strategic reserve. That is based upon a three-year plan. I think it is essential that all hon. members realize that we are working on such a plan.

With regard to personnel, we have had many assurances from the Minister of National Defence that the provision of personnel is moving along satisfactorily, according to plan. Figures published in tonight's newspaper, if correct, would give assurance along those lines. The official figures as stated in that newspaper indicate that in the active component of the Royal Canadian Navy there are 14,000 men, in the active army some 50,000 men and in the active air force some 33,000, making a total of about 97,000 men. This is within an appreciable distance of the target set for the number of personnel required at the end of the three-year period.

Figures are also given regarding the reserve forces, the navy having 7,000, the army 44,000 and the air force 6,000. We have no target figure at which those reserve forces are aiming; but I should like to call attention to various statements made recently by such commanders as General Eisenhower, stressing the importance of building up the reserve forces to a point where in due course they would be ready and available to take their place with the more active components of the armed forces of the various nations, should the world situation deteriorate.

I think it is fair to say that the general manpower situation in the armed forces, according to the target set two years ago by the Minister of National Defence, appears to be in a satisfactory state.

Now we come to the question of equipment which, I believe, is provided by the Department of Defence Production. I do not think it is the responsibility of that department to indicate design or even the number of various types of ships, aircraft or guns required. If my interpretation of the responsibilities of the department is correct, then it is the responsibility of the department to produce the weapons and equipment which the Department of National Defence indicates are necessary for our defence effort. Of course there are bound to be consultations. No doubt the Minister of Defence Production might on occasions point out that certain equipment could not be provided, and that it was not possible for this country to produce certain types. All in all it is the responsibility of the minister to produce the equipment which the defence department requires. I am not going to presume to tell the minister how to do it because I do not think there is a man on the government benches who is better able to carry out these duties than the present minister.

What I want to know is, how is that getting along? Is there a backlog? Has the Department of National Defence asked for any equipment or materials which the minister has not been able to supply? Is he marching side by side in the production of equipment with the department which is responsible for producing the manpower? I think that is the question, in simple terms, which the people of Canada want answered.

I do not think that we can hold the minister responsible for producing this or that type of weapon. Whether the weapon he is asked to produce is obsolete or is a new model is for the Department of National Defence to decide. What I would like to obtain from the minister when he replies is a simple, straightforward statement as to how his department is meeting the demands which have been made upon it by the Department of National Defence.

Has he been able to keep pace with the intake of men, in so far as the navy is concerned? Has he been able to produce a sufficient number of vessels so the personnel which joins the Royal Canadian Navy will be able to take their training and if necessary go to sea in vessels which are now available? Or will they have to wait for another six or twelve months before vessels are available?

As far as the army is concerned, have the active components of the army now serving in

Korea and Europe adequate equipment according to the standards which were laid down by the Department of National Defence? Or is the minister still trying in some respects to obtain equipment in order to come up to the standards required?

In so far as the Royal Canadian Air Force is concerned, we know that the number of personnel to meet the final target are not yet available, but we have had assurances from the Minister of National Defence that they will be available by the target date. Well and good; but will there be aircraft which those personnel will require available when needed?

What we want is just a simple, straightforward statement. I do not think the actual number of guns or the number of suits of clothing mean anything to us. Just tell us whether the department is keeping up to the requests which are made to it, or give us a frank statement that in some respects it is falling down.

Supposing the situation does deteriorate; supposing this period of cold war should deteriorate into active warfare, in what position is this country to speed up vital production in its general armament industry? From the stress laid upon it by commanders of the United Nations forces, by our own Minister of National Defence and by commanders in this country, we know that considerable importance is placed upon our reserve forces. We cannot expect them to be fully equipped at this time. Nobody would expect that, but we would like to know what reasonable chance there is for this reserve force to be fully equipped within a reasonable period after the situation becomes so obvious that we have to start building up the general strategic reserve of the United Nations which we may be called upon to supply.

What is the position regarding the possibility of swinging into full production of war materials? I am not going to ask whether the reserve army is fully equipped, because I know the answer. Of course it is not; you do not expect it to be. What I do want to know is this. Is the machinery there so that on comparatively short notice we can swing into full production? As I say, if the minister can give us a simple, straightforward picture of the general situation I believe it will answer the queries which are in the minds of a great many people who are giving serious thought to this situation at the present time.

Mr. Howe: Mr. Chairman—

Mr. Macdonnell (Greenwood): Mr. Chairman, I take it that we are in committee and the minister is answering.

[Mr. Pearkes.]

Mr. Howe: I am awfully tired of listening. My hon. friend has been speaking for most of the evening, and perhaps he will give way. I shall start with the last question and work backward to the questions asked by the hon. member for Vancouver-Quadra.

The hon. member who has just spoken is well aware of the nature of war production. When you are depending on mass production there is a long tooling process and then tremendous output. We are following that path deliberately so that if the worst comes to the worst and we have to fight a war we will have the productive capacity. We would have far more production than we can use in this country under present circumstances. I remember one occasion during the last war, I think it was in 1944, when there was a shipping delay lasting about six weeks. The U-boats were active and very few boats were loaded. In those six weeks we had the railroad line from Windsor to Montreal, as well as several branch lines, piled high with munitions of war on their way overseas. That is the way production rolls when you really get going.

My hon. friend asked if the manpower of the three services were adequately supported with equipment. I believe the answer is yes, although I will admit at once that part of that equipment is from the last war. But in the case of aircraft, the production of F-86 aircraft, which is the principal plane of aggression, is well ahead of schedule. Apparently the Royal Canadian Air Force are satisfied with the production because they have diverted about sixty planes to our allies. Those planes are now in Korea, planes that we thought were to equip the Canadian air force. We are turning out the F-86 as fast as the R.C.A.F. can use them. If more are needed we can step up production, particularly when the Orenda engine comes into production in increasing quantities.

The CF-100 is intended as a defensive plane for this country. It is a long-range, all-weather fighter, particularly adapted to use in Canada. While three squadrons of these planes will eventually go overseas, I do not think any unit is waiting for these particular planes at this time.

Then with regard to ships, all the ships of the last war have been or are being activated. I am quite sure that all naval personnel are able to train on modern ships. The new escort vessel is a very complicated ship. I might say that the weapons of today are about ten times as complicated as the weapons of the last war. However, the escort program is coming along. Unfortunately in the newer equipment one piece is usually not invented and that is holding

up completion of the whole on some occasions; nevertheless I believe the answer to the hon. member for Nanaimo is yes. The program is meeting the requirements of the Canadian services at the present time.

We must keep in mind that the supply lines in Korea are American and the supply lines in Europe are British, so we are not shipping ordinary supplies to the front. Ammunition and supplies of food and clothing are not going from Canada to the front. We would be quite able to supply them if that were the situation, but it happens that the line of supply has been organized differently. I repeat that I think we can say that every member of the armed services, whether in Canada or abroad, is properly equipped with modern weapons.

Perhaps I might say a word about dispersal of industry. Dispersal is an easy thing to talk about and somewhat hard to arrange, and I think there are some rather weird ideas about it. We should remember that we have a three-year program. It may be very fine to set up a substantial industry in a small town remote from industrial areas, equip that factory to produce for three years, and then presumably close it down. My hon. friend mentioned the A. V. Roe plant. He said it would be a wonderful industry for a small city. May I point out that the A. V. Roe plant today employs 10,000 people and shortly will employ 18,000. If you put that plant in a small city, what does the city do? The city must first build houses for 10,000 families. They must build schools to service the houses and they must have water supplies and sewage disposal plants to correspond. That may be a good thing to do to a small town but I would not like to be guilty of perpetrating that sort of thing.

I recall that in the last war experts made a very careful examination of where to put an explosives plant which was going to involve about $15 million in construction. The report came back that they thought the ideal place for it would be in Port Arthur. I said, "Take another look. It is going somewhere, but it is not going anywhere near Port Arthur." We like to run an economy in Port Arthur that remains fairly stable from year to year. To put a plant of that kind, with the employment it would require, into a city the size of Port Arthur would be a crime against the economics of the whole district. Therefore the explosives plant was put in the vicinity of a much larger city. When the war was over it was dismantled and the several thousand employees who had worked there were absorbed into the general industry of the city. That is somewhat illustrative. I may say that it went to Winnipeg. My hon. friend will remember that.

Mr. Stewart (Winnipeg North): I remember that.

Mr. Howe: You handled it fairly well. I passed it on to my hon. friend. I was generous. That is the story of dispersal. Take the city of Brandon. I think it would be wrong to put an industry employing 2,000 people in Brandon, operate it for two years and then close it. What in the world would they do with the houses they had built to house these people?

Mr. Dinsdale: For a small industry?

Mr. Howe: It would have to be in proportion to the area; but in mass production for war, industries are not small. I took a little time after dinner and prepared a statement showing the difficulty of meeting the frequent requests for allocating war production between provinces. A question has been raised as to why we do not publish figures showing the value of projects placed in the various provinces. The simple answer, which I have given on several occasions, is that we see no value in giving such figures inasmuch as they in no way reflect the impact of the defence program on the various sectors of the country. They do not take into account the large proportion of subcontracting which is inherent in this type of work. They make no allowance for the source of raw materials going into the contracts, and in many cases they are misleading because contracts placed at head offices in Ottawa or Montreal are often carried out in company plants which may be located as far away as the east coast or the west coast.

Let me assure hon. members that I am as interested as they are in ensuring that industry in every part of Canada has an opportunity to play its fair share in this over-all program. I fully recognize the arguments that are put forward concerning the desirability of locating our defence potential in such a way as to minimize the dangers of attack. Nevertheless it is one thing to express this pious wish and it is another thing to implement a policy. I think the only proper way of examining the situation is to look at a few of the major programs.

Let us first look at aircraft. There are three major prime contractors in this field, Canadair, A. V. Roe and de Havilland. These three companies will be responsible for about a billion dollars worth of defence contracts, and if we allocated contracts we would allocate about half of that to the province of Quebec and half to the province of Ontario. But what are the facts? Ther are nine other

firms with substantial overhaul and modification contracts, one in Halifax, two in Winnipeg, one in Edmonton, and one in Vancouver. Furthermore, the percentage of subcontracts in this field is extremely heavy. A. V. Roe, for example, has 15 major subcontractors and over 600 important suppliers. Many of these subcontractors and suppliers are in part located outside the province of Ontario.

Then let us take shipbuilding. The major contracts have been placed at Halifax, Saint John, Lauzon, Sorel, Montreal, Kingston, Port Arthur, Vancouver and Victoria, whereas smaller contracts have been placed at such centres as Charlottetown, P.E.I. and Trenton, Pictou, Lunenburg and Liverpool, Nova Scotia. There again these shipyards subcontract all across the country. We find factories on the prairies building components to go into these shipyards.

Taking the automotive field, major contracts naturally are located at Windsor and Oshawa. However, several smaller contracts for specialized equipment have been placed in Montreal, St. Claire and Valcourt, P.Q., at St. Catharines and Hamilton in Ontario, and at Winnipeg, Manitoba.

With respect to weapons, major artillery contracts have been placed at Sorel and small arms contracts with Canadian Arsenals, the work being done at their Long Branch plant. Other contracts have been placed with Dominion Bridge. A considerable amount of its work is being done at their Burnaby, B.C., branch, and by Firestone Tire and Rubber, Hamilton, Turnbull Elevator, Toronto, and H. and R. Arms, Drummondville. Here again these plants are focal centres for subcontracting. We have no method of segregating the impact of the subcontracting from these plants. I know that Sorel Industries are subcontracting a good deal of their work outside the province of Quebec.

Turning to ammunition, all major contracts have been placed with Canadian Arsenals at Ottawa, but 80 per cent of the work is being done at St. Paul l'Ermite and Quebec city, and 20 per cent at Lindsay, Ontario. Important subcontracts have been placed with Trenton Steel in Nova Scotia, a number of Montreal firms, Sorel Industries, small firms located around Quebec city, and firms in the Toronto area such as Graham Bell Enameling, Streetsville, T. W. Hand, Cooksville, United Steel Corporation, Welland, Wallaceburg Brass of Wallaceburg, and Orillia Sheet Metal, Orillia.

The torpedo program will be extensively subcontracted. The torpedo body will probably be built in British Columbia.

[Mr. Howe.]

In electronics, the main program will be located in the Toronto, Hamilton, Belleville and Montreal areas, where the big four of the industry are located. However, there are important contracts at Cossor Limited, Halifax, and subcontracts in such places as Quebec city, Drummondville, Windsor, London and Brantford, Ontario.

I turn now to clothing and equipage. This is a very complicated program to analyse from the angle of geographical distribution, because of the prevalence of multiple branch plants. For example, Canadian Cottons receives orders which are credited to its Montreal head office, whereas the mills are located in Ontario and New Brunswick.

In fuels and lubricants, the prime contracts have a geographical distribution related to the location of defence installations and their usage of such items as gasoline, etc. However, the flow of supplies creates a considerable indirect effect on producing areas such as Alberta, which is not reflected in the provincial placing of prime contracts.

With regard to food the same principle applies. Food tends to be bought locally, but may have much of its origin in areas such as the prairie region.

From these few remarks you will note that, although there are definite limitations as to the geographical distribution that can be achieved, the program is indeed having an impact on the whole of Canada, from coast to coast. I have mentioned a large number of small towns that are doing defence work as a result of subcontracts, and these examples could be multiplied many times over. This statement shows the impossibility of trying to analyse contracts by geographical boundaries. All we record is the prime contractor, and his address may mean nothing at all so far as the impact of his contract is concerned.

The hon. member for Vancouver-Quadra has regretted that there was no long-term plan for this department, and that it was staffed with officers borrowed from industry who were obviously not permanent officers. It was organized as a temporary department. As I say, the program was the three-year NATO program, joined in by all the free nations. We hope that after the program is completed, and after the production facilities have been established, the maintenance of a separate department will not be necessary. After the last war the department of munitions and supply was merged with the Department of Trade and Commerce. I hope that in due course this department can be merged with an existing department.

The reason we have borrowed men from industry is that you are able to borrow men

you could not possibly hire. We have no compunction about asking an industry to lend us its top executive for a period of time. We go to companies like Bell Telephone, Steel Company of Canada, Ford or General Motors and say we want so and so. Sometimes we have a bit of an argument, but in my experience extending over the last ten years or more no company has definitely refused to lend us the man we said we wanted. These men are paid rather better than civil servants for the main part, and therefore we say to the company that we are sorry we cannot pay the salary but we will pay his living expenses and you pay his salary. In every case, I believe, the company has agreed to that procedure. I may say that no department of government has ever been better served than has the department for which I have been responsible, as a result of borrowing men from industry for temporary jobs.

Then there was the matter of the distribution of defence orders placed outside of Canada, which was mentioned by the hon. member for Vancouver-Quadra. It was a major policy decision that, in view of the threat of communism, it seemed obvious that if a last ditch stand had to be made it would have to be made in the defence of North America. If the great world struggle between the two different ideologies should actually occur, it seemed to the government it would be the duty of this country to prepare for that last ditch stand. We decided, therefore, to standardize weapons with the United States, our next door neighbour. This policy called for a different type of weapon than we used in the last war. However, the type would have been different whatever the country with whom we standardized.

I think the fact that we have standardized on United States army weapons has in no way handicapped the program. There was a departure in that we adopted the Centurion tank of Great Britain instead of the United States Sherman tank. The reason for that was that both tanks were operating in the same area, and for the type of warfare presently in progress the Centurion tank seemed to be doing at least as well as the Sherman tank. I believe the government of the United States has also purchased Centurion tanks, perhaps for the same reason we did.

Then we have been urged to further expand the steel industry. We did undertake a tremendous expansion three years ago, and then it came somewhat later than I had hoped. I had tried to bring about some expansion two years earlier; however the commencement of the expansion was undertaken about two years ago. The expansion program when completed will result in adding about one-third to the present productive capacity of our steel industry. This expansion has been carried out with private funds, and will come into production partly in the fourth quarter of this year and the balance early next year. When we have that additional capacity, Canada will be more nearly self-supporting in steel. We never have been entirely self-supporting, and I presume that imports will be required even with the increased expansion.

The hon. member referred to the lack of a steel industry on the west coast.

Mr. Green: West of the great lakes.

Mr. Howe: West of the great lakes there are two or three. There is one at Winnipeg, one at Calgary and one at Vancouver.

Mr. Green: But just scrap metal plants.

Mr. Howe: I know, but the fourth largest steel industry in this country survived on scrap metal from its founding about thirty-five years ago up until one year ago. It never used anything else. It did so because scrap metal was available to meet the requirements of a very large mill, Dominion Foundry and Steel. I see no purpose in the west coast going into the primary steel business, as long as the west coast supplies sufficient scrap to keep the local industry going. To me the logical development would be to expand the production of finished steel, and when the time comes that the supply of scrap is not adequate then to add a blast furnace, which is exactly what Dofasco has done within the last year or two. I have said before that the opening of the steel deposits there is the logical procedure for blast furnaces.

Mr. Green: The iron deposits.

Mr. Howe: If British Columbia is going to miss the few thousand tons of iron ore that will be shipped from there until the blast furnace is built, the deposits are hardly sufficient to warrant a steel industry in any event. All I can say is that the government will be prepared to extend to the steel industry in British Columbia any help that it is extending or has extended to the steel industry in eastern Canada.

I think that covers the questions which were asked.

Mr. Green: There were two other points that I raised, Mr. Chairman. One had to do with the extraordinary powers given under the Defence Production Act, particularly the power to seize an industry. The other had to do with the building of modern merchant vessels.

Mr. Howe: The powers were taken when the country was much more alarmed than it seems to be at the moment, though I doubt whether the situation was more threatening then than it is today. The powers were taken in view of the possibility that there might be all-out war within a very few months. The important feature is not the powers the government has; it is the powers the government uses. We have used the powers to control prices. We have been keeping a control on materials where the war requirements created shortages that would have an effect on prices. For instance, no steel price can be increased without previous advice to and approval of the government. The domestic price of all metals requires prior approval of the government. The same thing is true with regard to most of the raw materials that are being bought for the defence program. We have not passed laws but the controller, clothed with authority, has instructed the trade that this procedure must be followed; and it has been followed. I see no reason to cancel those powers today.

Mr. Green: If I may interrupt the minister, may I point out that I did not refer to those powers particularly. I referred to the power to seize an industry.

Mr. Howe: The powers to seize an industry are the powers to prevent a contractor of the government from getting into a position in which he cannot carry out his contract. That authority is not an unusual provision in any contract. Every construction contract that is written by the government or by anybody else provides that if the contractor gets into difficulty, the owner can take over his equipment and finish the job at his expense. That is an ordinary provision.

Mr. Green: But not take over his business?

Mr. Howe: Yes; take over his business, as a rule. His business has got to be good for the completion of the contract.

Mr. Green: That is done only through court procedure.

Mr. Howe: Our provision does not provide for taking over a business if a contractor has a defence contract in one plant and is doing other business in other plants; there is no provision that allows us to take over his entire business. We take over the plant which is carrying out the war contract, and we operate that plant until we obtain our deliveries. We did that several times in the last war.

I accept the point of view that we incur liabilities by so doing. If by putting in a controller we made the situation worse instead of better, we would be responsible to the owner for damages. I have always felt sure of that. But fortunately all the situations worked out well. The situation never arose where we turned back a plant in worse condition than when we took it over. I see nothing dangerous in the power the government takes to protect the production which is essential to its defence program or its war program. That is the only power for seizing property that the government has under the emergency regulations.

Mr. Green: The minister means under the Defence Production Act?

Mr. Howe: Yes; under the Defence Production Act.

Mr. Green: Since the war has any occasion arisen when it was necessary to seize a business or part of it?

Mr. Howe: No, not at all; but there must have been ten or fifteen occasions during the second world war.

Mr. Green: During the war?

Mr. Howe: Yes. As to merchant ships, may I say that the merchant ships seem to be adequate to meet emergency conditions. Shipping is fairly easy at the moment. Ninety-five per cent of the ships afloat that carry bulk cargoes are of the same type as the ships that make up Canada's bulk cargo fleet. In the allocation of naval duties by NATO, Canada was allocated the task of escorting ships on the north Atlantic. We are preparing to do that job. In the program of building escort vessels I see nothing which carries with it the thought that we should have a complementary program of building fast merchant ships. We are guarding the ships of all nations, not simply the ships of the merchant marine.

Mr. Stewart (Winnipeg North): The minister has told us that we have tooled up beyond our immediate needs, a wise and reasonable precaution. Can he tell us just what is happening to this extra productive capacity? Is it on a care and maintenance basis, or who is responsible for seeing that it is kept in top condition?

Mr. Howe: It will mean that as it comes into production the goods actually on order will be produced in a very short time. That has not happened yet. Then the plants will be kept on a care and maintenance basis and returned to other purposes. The productive capacity will be there. For instance, at Canadair we will be turning out aircraft, I suppose, at the rate of 50 a month. My hon. friend knows that after we have in hand our supplies for the current situation, the requirements may be 10 aircraft a month

simply in order to make up wastage. Nevertheless we have the large capacity in case war comes. It is a weapon which I think is more valuable than are aircraft already produced and on the ground.

Mr. Stewart (Winnipeg North): There is no chance of this extra productive capacity being sold if the emergency fades away?

Mr. Howe: No.

Mr. Macdonnell (Greenwood): I also wish to ask one or two questions of the minister. I have been greatly interested in the statement he has given us and in this report of the defence production department. It is, of course, clear that up to the present time we have no details of any kind which enable us to arrive at any judgment of our own. We merely have the interesting statement from the minister and the interesting report.

As has been pointed out already, actually the estimates of the Department of Defence Production are in one way misleading because of the small amount actually they involve. We have $7 million for ordinary administration, to which I will come back later. One large item is to provide capital assistance for the construction, acquisition, extension or improvement of capital equipment or works. I take it that is pursuant to the duty laid on the department, as set out at page 9 of the report from which I quote:

> . . . to "examine into, organize, mobilize and conserve the resources of Canada contributory to, and the sources of supply of, defence supplies".

What I want to ask the minister is this. I put this forward with an open mind because I do not want to make a request which is unreasonable. On the other hand I feel that we in the opposition ought to have some direct evidence beyond what we have at the moment. What I suggest to the minister, at any rate as a beginning, is that we should be informed of, or be allowed to see, the contracts or at any rate the large ones covering this $85 million investment. That is an investment which is rather different from the others because it is one to provide for construction and so on. It is really an investment which we ourselves make as a nation in production.

Mr. Howe: I just want to say I would be delighted to furnish that material if we could get to the items. I do not think I can furnish the material on the discussion on general administration.

Mr. Macdonnell (Greenwood): Do I understand the minister to say that he thinks I am anticipating my questions, and that they should come at a later stage?

Mr. Howe: Yes.

Mr. Macdonnell (Greenwood): I will accept that and go on to the other thing I was going to say.

What is the relationship between defence production and national defence in this respect? I realize that it is up to national defence to originate its own orders and to pass them on to defence production; nevertheless defence production has a very considerable staff of able experts in the contract business. My question is this. When a request for material comes from national defence to defence production, is it acted upon automatically? Is any scrutiny given to it? I mention this because one or two cases have arisen, one of which was manifestly ridiculous. There were small amounts involved, but when you touch a soft spot you wonder whether there are others. Does the defence production department accept this automatically, or do they bring their trained common sense to bear on it and if they find anything that looks as if it is out of line will they criticize it?

Mr. Howe: The duty of the Department of Defence Production is to be the servant of the armed services. It is the duty of the armed services to say what they want, write the specifications, draw the plans and say how many. If the requisition comes signed by the minister of the department, or in certain cases by his deputy minister, accompanied by a certificate of encumbrance which provides the funds with which to buy it, it is the duty of defence production to provide it. In other words if the army decides they want a gold-plated piano, and they send along a requisition accompanied by a certificate of encumbrance, we buy the gold-plated piano. If it is a nickel-plated piano we can object, because nickel is a scarce commodity. But as to a gold-plated one, we have no reason to object; we would go and buy it. An impossible situation would arise if the Department of Defence Production challenged the right of the armed services to buy what they said they needed, and for which they provide the financial encumbrance.

Mr. McLure: But they cannot say whom to buy it from.

Mr. Howe: No, they cannot say that; that is the business of defence production. They can say what they want, but whether it is procured by production within the country, or whether it is bought from without, that is a decision entirely for the Department of Defence Production. However, if there is something peculiar about the order it is reported to me. In a different capacity, as a member of the government of Canada, I can

consult with my colleague, the Minister of National Defence, who is also a member of the government of Canada and draw it to his attention, which I do. If he looks at the matter and says: "No, the order is correct", that ends it.

Mr. Green: There are two or three questions I should like to ask the minister. Is it the intention of the government that the Department of Defence Production should go out of existence in 1954?

Mr. Howe: Oh, no; it will go out of existence when the administration can be carried out in more economical form. The point was that the department of munitions and supply, when maintaining a skeleton of the department which was flung all the way across the country, was a more expensive way of buying, carrying out the requirements of the defence services, than to combine with another department which had offices in various parts of Canada. Of course we cannot foresee these matters, but I would say the present department would be wound up when its work had diminished to the point that the overhead of the department was not warranted.

Mr. Green: The minister said that upon the expiration of the three-year program he thought the Department of Defence Production would no longer be required. That would be in the year 1954. I was surprised at that because I had—

Mr. Howe: We cannot be wound up that fast.

Mr. Green: No. I thought that once this three-year program is completed, then the NATO countries would almost of necessity have to carry on with a further program of some type; that they simply would not be able to say: "we have prepared a certain amount of equipment, and we have set up certain manufacturing facilities. Now we can go back to normal times and let the matter stand". I should think the probability is there will be another program following the completion of this three-year program. Is that so?

Mr. Howe: The present act expires in 1956. The situation will be reviewed. I do not know what is going to follow the present program. We do not plan programs. That is a matter for the services.

Mr. Green: Another question had to do with the defence purchasing done by the department for other countries. The minister said nothing about that today. Can he tell us the situation in that regard?

[Mr. Howe.]

Mr. Howe: The Canadian Commercial Corporation, associated with the department, acts for other governments. I said today we had placed something over $250 million worth of contracts for the government of the United States. We place certain orders for the United Kingdom and for the other countries, but not on a large scale. Any foreign requirements that are placed in Canada through the government are placed by the Canadian Commercial Corporation, through the department, in turn.

Mr. Green: Would it be possible to get those figures for "the other countries"?

Mr. Howe: No, I would not like to give them; I do not think it would be appropriate.

Mr. Green: To what extent is the department in the operation of facilities? For example, mines. I know that it is operating, or has some operating agreement in connection with the Emerald mine in southeastern British Columbia.

Mr. Howe: Yes.

Mr. Green: Are there any other instances of that kind?

Mr. Howe: No, I think that is the only mine we own. Of course we are in the mining business in uranium in a big way, but I think the only new mining venture is the mine the hon. member spoke of, Emerald tungsten. It is doing very well, I might say, financially and otherwise.

Mr. Green: Yes. I believe it has turned out to be quite profitable. I understand that it is operated under a management contract with a private mining company; in other words, the department is not actually conducting mining operations.

Mr. Howe: No; we have an engineer on the job, but the actual operating is done by a private company.

Mr. Green: One other question on the item. There is an increase in the vote of over $1,300,000. Actually what was spent during the last fiscal year was an estimated sum of $5,158,000. Why is there that increase; what is the main reason?

Mr. Howe: Larger expenditure, larger staff. The staff has been extended to take on additional responsibility.

Mr. McLure: I should like to ask one question on subcontracts. Does the subcontractor come under the defence production management? Does he deal directly with the minister's office as a subcontractor?

Mr. Howe: No; he reports to the main contractor, but the Department of Defence Production reserves the right to approve the subcontractor. We do not deal directly with him; we deal with him through the main contractor.

Mr. McLure: You approve of him doing the work, though?

Mr. Howe: Yes, we have that right.

Mr. Macdonnell (Greenwood): I should like to know a little more about the staff. I did not realize the numbers were so large. There must be a good many hundred people indicated at pages 154 and 155. Would the minister say something about the size of the staff and, in particular, I should like to know what he does with about 20 economists. I did not realize so many were needed to give these orders.

Mr. Howe: We have about 1,700 people on the staff.

Mr. Green: It says there are 1,900.

Mr. Howe: Yes, 1,900. I believe the book rather than my memory.

Mr. Green: So would I.

Mr. Howe: Then, of course, we have inspectors on every construction job going on across the country, and those in the field staff of the general purchasing branch, which is charged against departmental administration.

Mr. Macdonnell (Greenwood): How many of these 1,900 came from previously existing departments?

Mr. Howe: About 800. Some 650 were absorbed from Canadian Commercial Corporation and 150 from the Department of Trade and Commerce.

Mr. Macdonnell (Greenwood): Then will the minister tell me about all these economists?

Mr. Howe: The economists are really statisticians. To keep track of programs of this kind we must have men who are responsible for analysing figures, and keeping the programs in order.

Mr. Dinsdale: Could the minister say whether Canadian Arsenals Limited is going into large-scale production of ·5 ammunition?

Mr. Howe: There is a considerable program of ·5 aircraft guns, partly for Canadian requirements and partly for NATO requirements. It is a combined order for two or three countries.

Mr. Dinsdale: Is there any information about tender No. G-39-3A-494 for the installation of a water softening plant at Camp Shilo?

Mr. Howe: I have heard vaguely about that—something about the process. However, I am asking that the information be looked up. I know the order has not been passed yet, but just why I am not sure.

Mr. Browne (St. John's West): Has the minister received any request from the government of Newfoundland for defence orders for any of the government plants down there?

Mr. Howe: The only one I remember is from the new MIAG plant. It is a machinery plant, and I believe the products to be produced at the plant are being exhibited at the trade fair. The plant is not yet in production.

Mr. Browne (St. John's West): It is not yet constructed.

Mr. Howe: Sample machines are being shown at the fair, and I am sure our manufacturers will be interested in seeing them. After that I should hope that further orders will be placed.

Item agreed to.

80. To provide capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, or by crown plants operated on a management-fee basis, or by crown companies under direction of the Minister of Defence Production, subject to the approval of treasury board, $85,000,000.

Mr. Macdonnell (Greenwood): I take it this is the item to which the minister referred when he asked me to reserve my question until later.

Mr. Howe: This is the capital assistance item. In 1951-52, out of an appropriation of $100 million, only $46,165,000 was expended.

Mr. Green: Is that out of a vote of $100 million?

Mr. Howe: Yes, out of a vote of $100 million. This year the vote is $85 million, which includes a carry-over of $66 million from last year. That is allocated as follows: Canadian General Electric, $970,000; Canadian Steel Improvements, $1,718,000; Cockshutt Aircraft Limited, $797,000; Dominion Engineering Limited, $1,473,000; John Inglis Company Limited, $5,810,000; Light Alloys Limited, $50,000; Peacock Brothers, $1,188,000; A. V. Roe, the jet engine plant, $16,176,000; Rotax of Canada Limited, $2,496,000; Sperry Gyroscope, $1,618,000; the crown company, Canadian Arsenals Limited, $8,800,000; and to

provide miscellaneous private contractors with government machinery installed in private plants, $43,665,000.

Mr. Macdonnell (Greenwood): How does the minister suggest that we should get a further understanding of this? There is no security involved in these contracts, is there? Could they not be filed?

Mr. Howe: Yes, but I think the proper place to file them is in the committee on defence expenditures. I would not like to lay them on the table of the house, because that would not be the proper procedure. However, my officers would be glad to attend before the committee on defence expenditures and produce any of the contracts in which the hon. member may be interested.

I might add that all the contracts involve complete government ownership. If a building is built, it is built on land owned by the crown, and the buildings belong to the crown. If it is machinery, the machinery is the property of the crown and remains the property of the crown. I might say from the experience of the last war that the salvage was around 40 per cent of the original value of the buildings or machines.

Mr. Macdonnell (Greenwood): The minister says there is no objection to the production of these contracts before the committee on defence expenditures. However, he does not wish to file them here. Is there any real difference? In both cases they are made public, are they not?

Mr. Howe: Yes; but in one case they are simply dumped on the table, while in the other they are laid on the table by an officer of the department who can answer questions about them. I might say, so far as tabling in the house is concerned, that all these contracts develop out of orders in council tabled in the house. If the hon. member cares to look through the records he will find orders in council covering each of these capital expenditures.

Mr. Green: Is it possible to have further details about this $43 million, which is nearly half the amount?

Mr. Howe: Yes. The hon. member can have details of every machine that has been bought. It has been machinery installed in private plants. We have complete records, and will be glad to produce those records for every machine installed.

Mr. Green: It constitutes over half the total vote. Would it be possible to have a list of the firms?

Mr. Howe: It would be a large volume, but it is available. We would be very pleased to give it.

[Mr. Howe.]

Mr. Green: How many firms are involved, approximately?

Mr. Howe: Many plants with defence contracts have government-owned machinery installed in them. There are probably two or three hundred of them.

Mr. Green: The government would purchase certain of this machinery outright?

Mr. Howe: Yes.

Mr. Green: And this vote is for that purpose?

Mr. Howe: Yes.

Mr. Green: The minister said that last year $46 million was spent. The figures at page 156 show that up to January 31, 1952, $13,561,757 had been spent, and the figure estimated for the balance of the year is $16,334,356, making an estimated total for the last fiscal year of $29,896,113. How did the figure increase from $29 million to $46 million?

Mr. Howe: The original procedure was that capital assistance was provided from the vote of the Department of National Defence. There is a combination of two sources of funds, so far as last year's capital assistance is concerned. This year it is all in the Department of Defence Production. The books simply show expenditures from the Department of Defence Production. In addition, certain capital assistance was arranged through the Department of National Defence.

Mr. Green: Apparently the estimate last year carried under the Department of Defence Production—

Mr. Howe: Yes.

Mr. Green: —was $100 million?

Mr. Howe: And also $50 million in the Department of National Defence.

Mr. Green: The real situation is that taking the two votes together, the total appropriation for this purpose was $150 million, with the expenditure being $46 million; is that correct?

Mr. Howe: Yes.

Mr. Green: This year the vote is to be $85 million, or is there another sum being voted for the Department of National Defence?

Mr. Howe: No, it is all in this.

Mr. Macdonnell (Greenwood): So it will really be $85 million as against $150 million; is that correct?

Mr. Howe: That is right.

Mr. Macdonnell (Greenwood): I want to be clear as to what the minister is going to do in the way of filing contracts. I understand the minister is going to make them available to the defence expenditures committee, which by the way will meet again on Tuesday. I think they ought to be available to us before these estimates are finally passed because this is our only chance to ask the minister questions regarding them. Can it be understood that we will get them in time to study them before these estimates are finally passed?

Mr. Howe: Every order in council providing for an expenditure has been tabled. If my hon. friend will have his assistant go through the records of the house he will find every one. I do not think we should be asked to table them twice.

Mr. Macdonnell (Greenwood): I am interested in what the minister says. It may be that he is correct in saying the orders in council cover everything, but does he mean that the contracts are embodied in the orders in council or merely that the orders in council authorize the making of the contracts?

Mr. Howe: Authorize the making of the contracts.

Mr. Macdonnell (Greenwood): I should like to go back to what the minister said, that he would table these contracts—that is what I think he said, and that is what I want—with the defence expenditures committee. I am asking now whether that can be done on Tuesday, which is their first meeting. I come back to my request that I think we should have these and study them before this item is finally passed. I think the minister will agree that that is reasonable.

Mr. Howe: I am not a member of the defence expenditures committee. I understand that the chairman of the steering committee has planned a program for next Tuesday. Witnesses are to be there. We have appropriate witnesses. For instance, if we have a witness on guns he will be pleased to file details of capital expenditures for the gun program. I would point out that the orders in council are very complete; they show the entire bases of the contracts. They have been tabled in this house. I cannot read them to my hon. friend personally; nevertheless if he cares to read them, they are all there.

Mr. Macdonnell (Greenwood): It seems to me the minister is watering down what—

Mr. Howe: I am not watering down anything.

Mr. Macdonnell (Greenwood): —I understood the undertaking to be. I thought we were going to have these contracts filed with the committee. As I understand it, the minister is now saying that when the appropriate officer is before the committee he will give evidence. That is not what I want at all; I want to see the documents. If the minister says they are in the orders in council I am prepared to study the orders in council. If the full information is there, we can get it there and then we will have it. But we do not have it now and I do not think this item should pass until we get it.

Mr. Howe: I assure my hon. friend that the Department of Defence Production will file with the committee on defence expenditures every document the committee asks for. I believe my hon. friend is a member of that committee. I am not a member, but my parliamentary assistant is. If the committee will ask for any document it will soon be furnished. I do not think my hon. friend, as a member of that committee, can ask me as a minister, who is not a member of the committee, to file documents at any particular time. The committee may not wish to receive them.

Mr. Macdonnell (Greenwood): This undertaking is looking different to me every minute. First of all I thought it was an undertaking to me or to us who are in the opposition that these would be filed. I now find that they are going to be filed if the committee demands them. The majority of the committee are not in the opposition and they may think that this is a silly request on my part.

Mr. Howe: I think so; nevertheless I am prepared to file them.

Mr. Macdonnell (Greenwood): I know the minister often thinks I am silly, but I do the best I can. I want to know just what this undertaking is. It seems to me that its own mother would not know it now. Let us see what the undertaking is. As I understand it, all I have is that if the committee decides to ask for them, then we will see them. That is not good enough. I asked the minister to file these contracts. He said this was not a suitable place to file them, but he would file them with the defence expenditures committee. That is not what is happening now. We are now told that if the defence expenditures committee asks for them we will get them.

I want to go back to the beginning. I asked the minister whether these would be available on Tuesday with the defence expenditures committee. I asked the minister to produce them in the defence expenditures committee and the minister agreed. Now he is substituting something for what I asked.

Mr. Fulton: Table them here.

Mr. Macdonnell (Greenwood): That is what I asked.

Mr. Howe: They are tabled here. How many times do they have to be tabled? This is absolutely repetitious. Every authority to make a contract, with all the details, has been tabled in this house. If my hon. friend will go to the proper sources he will have what he wants. If the committee of which he is a member wishes to review them the department will furnish them for that purpose, but my friend knows as well as I do that you cannot file documents with a committee unless the committee is willing to accept them.

Mr. Macdonnell (Greenwood): The minister should not try to get me into trouble by offering to do something that cannot be done; he should not do that just because I am young and innocent.

Mr. Howe: Those are not the adjectives I would use; just the opposite.

Mr. Macdonnell (Greenwood): You cannot insult me half as much as my friends over here do. Let us go back again. If the minister says these orders in council have the contracts fully embodied in them, there is no reason whatever why the contracts should not be filed as well and then we will have them.

Mr. Stick: I am a member of that committee and as far as my memory goes no document that has been asked for by any member of that committee has been refused.

Mr. McIlraith: Not one yet.

Mr. Macdonnell (Greenwood): Whether my friend is right in saying that no documents have been refused may not be important, but certainly a good many requests have been refused.

Mr. Stick: That is not the same thing.

Mr. Macdonnell (Greenwood): I am coming right back to where I was. Will the minister file these with the committee—it was his own suggestion—or will he not? Will he table them here, or will he not?

Mr. Howe: I will permit the committee to decide what documents they want. If they ask for them, I will give them to the committee. I will not table them in this house again because they have already been tabled.

Mr. Macdonnell (Greenwood): Then the item does not carry tonight.

Mr. Howe: It would not carry tonight anyway.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, on Monday we will proceed with the following bills and resolutions: Third reading of Bill No. 242, to amend the Emergency Gold Mining Assistance Act; Bill No. 194, to amend the Aeronautics Act; Bill No. 289, to amend the Canada-France Income Tax Convention Act, 1951. Then the resolution respecting the Immigration Act and the resolution to amend the Combines Investigation Act. We will then move to go into supply. It has been agreed that we will go into supply without debate, but we would not call any new departments. We would then proceed with the estimates of resources and development and public works.

Mr. Macdonnell (Greenwood): No defence production?

Mr. Fournier (Hull): Oh, you will not let it pass.

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

[The following item was passed in committee of supply]:

DEPARTMENT OF DEFENCE PRODUCTION

A—Department—

79. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $7,332,492.

HOUSE OF COMMONS

Monday, June 2, 1952

The house met at three o'clock.

COMBINES

TABLING OF REPORT INTO ALLEGED COMBINE IN RUBBER GOODS

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I should like to lay on the table the report of the combines investigation commissioner into the alleged combines in the manufacture, distribution and sale of mechanical rubber goods, tires and tubes, accessories and repair materials, rubber footwear, heels and soles and vulcanized rubber goods.

[*Later:*]

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, may I ask the Minister of Justice whether he is able to give the house any idea as to when the two volumes which he has tabled will be available for general distribution so that hon. members can study them?

Mr. Garson: As soon as possible, we hope. My hon. friend has only to look at their size to see that their reproduction is not a simple matter. We tried to provide enough to supply the press gallery, and we shall have copies for hon. members as soon as we possibly can.

Mr. Fleming: May I ask the Minister of Justice whether any decision has been reached yet with regard to what action shall be taken in the light of the report that he has tabled today?

Mr. Garson: No, Mr. Speaker. It requires a great deal of study, as this large volume indicates.

PRIVATE BILLS

REFERENCE OF PETITION TO COMMITTEE ON STANDING ORDERS

Mr. H. W. Winkler (Lisgar) moved:

That the petition of Ethel McCready Thomas for a bill of divorce presented on May 29, 1952, together with the report made thereon by the clerk of petitions on May 30, 1952, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable in relation to standing orders 92 and 93(3) (a) and (c).

Motion agreed to.

FIRST READINGS—SENATE BILLS

Bill No. 290, for the relief of Libby Levine Bloom.—Mr. Winkler.

Bill No. 291, for the relief of Shirley Israel Thau.—Mr. Winkler.

Bill No. 292, for the relief of Ralph Patrick Barker.—Mr. Winkler.

Bill No. 293, for the relief of Madeliene Kostick Glock.—Mr. Winkler.

Bill No. 294, for the relief of Olive Myrtle Weston Rouet.—Mr. Winkler.

Bill No. 295, for the relief of John William Day.—Mr. Winkler.

Bill No. 296, for the relief of Marcelle Marchand Adams.—Mr. Winkler.

Bill No. 297, for the relief of Marie Marguerite Germaine Aubert Forest.—Mr. Winkler.

Bill No. 298, for the relief of Betty Lauraine Conner Norell.—Mr. Winkler.

Bill No. 299, for the relief of Francoise Marguerite Beaudin Patrick.—Mr. Winkler.

Bill No. 300, for the relief of Albert Chevalier.—Mr. Winkler.

Bill No. 301, for the relief of Greta Mildred Duncan Croteau.—Mr. Winkler.

Bill No. 302, for the relief of Roland Lesage.—Mr. Winkler.

Bill No. 303, for the relief of Leo Bercovitch.—Mr. Winkler.

Bill No. 304, for the relief of Joseph Raymond Demers.—Mr. Winkler.

QUESTIONS

CANADIAN NATIONAL RAILWAYS—ST. MALO AND RIVIERE DU LOUP

Mr. Pouliot:

1. What are the names and values of each of the pieces of machinery which were returned from the workshops of the Canadian National Railways at St. Malo, Quebec city, to Riviere du Loup?
2. When did such transfer take place?
3. What are the names and the respective occupations of the employees of the Canadian National Railways who were transferred back from St. Malo, Quebec city, to Riviere du Loup?
4. On what date did each of said transfers take place?
5. What are the names and the values of each one of the pieces of machinery which were at the Canadian National Railways shops at Riviere du Loup (a) immediately after the transfer above referred to in paragraph 1 took place; (b) on May 1, 1952?

Mr. Chevrier:

The Canadian National Railways advise as follows:

1. Following the acquisition of St. Malo shop by the Department of National Defence

in 1940 certain machinery was transferred to Riviere du Loup. From current records it is not possible to give the detailed information requested.

2. See answer to No. 1.

3. Current records do not contain the information necessary to answer this question.

4. See answer to No. 3.

5. It is not the practice of the company to maintain historical records that would facilitate an answer to the first part of this question. Information as to present values is not available.

ARMY STORES INVESTIGATION—GEORGE CURRIE

Mr. Diefenbaker:

1. Where is George Currie, C.A., who is conducting a shortage investigation in the armed forces, at the present date?
2. Is he (a) on vacation, or (b) on duty in connection with any matter being investigated by the Department of National Defence?
3. Was he accompanied by any person or persons on duty on the trip? If so, by whom?

Mr. Campney:

1, 2 and 3. Mr. George Currie, C.A., is at present in England on business not connected with the investigation. Information in connection with the investigation is being collected by members of his staff.

ARMED FORCES—TENDERS FOR KIT BAGS AND CHEFS' CAPS

Mr. Diefenbaker:

1. Have tenders been requested or asked for by the Department of National Defence, during the past six months for kit bags for the army, and chefs' caps for the armed forces?
2. If so, what was the quantity to be tendered for in each case?
3. Have the tenders of any tenderer been accepted? If so, what are the names of the successful tenderers?

Mr. Fulton: Mr. Speaker, on behalf of the hon. member for Lake Centre (Mr. Diefenbaker) I ask that this question stand, subject to an alteration to part 1, which would make part 1 read as follows:

Have tenders been called by the Department of Defence Production, during the past six months, for kit bags for the army, and for chefs' caps for the armed forces?

I understand that this matter has been discussed with the parliamentary assistant to the Minister of Defence Production and that that wording would be satisfactory and together with parts 2 and 3 as now worded, would produce the information desired.

Mr. Speaker: Question stand.

Mr. Chevrier: Stand as amended.

Mr. Speaker: As amended.

[Mr. Chevrier.]

CANADIAN NATIONAL RAILWAYS—GOVERNMENT LOANS—EXPENDITURES FOR CONSTRUCTION, ETC.

Mr. Pouliot:

1. Since 1923, what has been the total yearly amount of (a) advances and loans made; (b) guarantees given, by the government to the Canadian National Railways?
2. Since that date, what amount of the debt of the Canadian National Railways has been written off by the Canadian government?
3. Since 1923, what amounts have been spent in each province by the Canadian National (a) for the construction, maintenance and repair of the railway; (b) as capital expenditure for the construction, extension and installation of machinery in each of the erecting shops of the Canadian National?

Mr. Chevrier:

The Canadian National Railways advise as follows:

1. Financing for the Canadian National Railways has in each year since 1923 received consideration and approval by the government and is recorded in the statutes.

2. See answer to No. 1.

3. (a) The accounts of the Canadian National Railways are not maintained in a way which makes it possible to segregate expenditures in the tabulation requested. (b) To endeavour to give this information would involve an examination of accounting records for the past thirty years and this could not be undertaken by the existing staff of the railway.

CIVIL SERVICE COMMISSION—ANNUAL REPORTS

Mr. Pouliot:

During each one of the last twenty years (a) how many sitting days after the opening of the session of parliament, and (b) how many sitting days before prorogation, was the annual civil service commission report laid before parliament?

Mr. St. Laurent: Mr. Speaker, I would suggest that, as a matter of order, this is not a question which should be answered. It asks for information which is as available to the hon. member as it is to anybody else and is to be found in the *Votes and Proceedings* of each of the twenty years referred to in the question. I think that we should not be required to have these tabulations made when the information that is requested has been, at the proper time, made available to the house as recorded in the *Votes and Proceedings* of each session.

Mr. Speaker: Question dropped.

PARLIAMENTARY COMMITTEES—SITTINGS, EVIDENCE, ETC.

Mr. Pouliot:

1. How many parliamentary committees have held sittings at the House of Commons during the present session?

2. How many sittings have been held by each of the said committees?

3. How many witnesses and experts have given evidence before each of the said committees?

4. Were such witnesses and experts sworn? If so, what are their names and before what committees?

Mr. St. Laurent: With respect to this question, Mr. Speaker, may I point out that it asks at this time questions about the committees of the house at this session. I think it is clearly the rule that no questions can be asked in the house about the proceedings in committees until the committees have reported. When they shall have reported, the information sought by the question will be found in the reports.

Mr. Speaker: Question dropped.

Questions

REQUESTS BY FARMERS FOR DUTCH IMMIGRANT LABOUR

Mr. Diefenbaker:

1. How many farmers, by provinces, have requested Dutch immigrant families to assist in farming, during the last year?

2. Of those requested, how many requests (a) have been filled; (b) are as yet unfilled?

Mr. Harris (Grey-Bruce):

1. Statistics maintained include only formal applications submitted and are classified by immigration districts. These statistics do not include informal requests made at local immigration offices.

District	Province of	Received	Approved
Atlantic	Prince Edward Island, Nova Scotia and Newfoundland	20	20
Eastern	Quebec and New Brunswick	91	90
Central	Ontario	2,813	2,674
Western	Manitoba, Saskatchewan and Alberta	581	541
Pacific	British Columbia	209	193
		3,714	3,518

2. (a) The number of Dutch farm families who have been brought into Canada and have been placed on farms is as follows:

Prince Edward Island	23
Nova Scotia	81
New Brunswick	79
Quebec	227
Ontario	2,320
Manitoba	239
Saskatchewan	153
Alberta	1,099
British Columbia	202
	4,423

(b) See answer to No. 1.

MOTION FOR PAPERS

ANIMAL CONTAGIOUS DISEASES—SASKATCHEWAN

Mr. Argue:

For a copy of each order made under the authority of the Animal Contagious Diseases Act, declaring a place in the province of Saskatchewan free from an infectious or contagious disease, between December 1, 1951, and February 15, 1952.

CANADIAN NATIONAL RAILWAYS

PROVISION TO RELEASE CANADIAN NATIONAL RAILWAYS FROM CERTAIN CLAIMS BY HER MAJESTY IN EXCHANGE FOR PREFERRED STOCK, ETC.

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

That it is expedient to introduce a measure to provide, among other things, that the Minister of Finance (a) shall release the Canadian National Railway Company from certain claims by Her Majesty in exchange for preferred stock of the company; (b) shall release the Canadian National Railway Company from certain other claims by Her Majesty in exchange for an obligation of the company in respect of which interest shall not be payable for a period of ten years commencing on January 1, 1952; (b) shall, out of the consolidated revenue fund, from time to time purchase additional preferred stock of the Canadian National Railway Company to provide a portion of the money required for additions and betterments of the Canadian National Railways System; and (d) shall transfer to the Canadian National Railway Company all the shares of the Canadian National Railway securities trust that are held by him in exchange for no par value shares of the Canadian National Railway Company.

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

Motion agreed to.

UNEMPLOYMENT INSURANCE ACT

AMENDMENT TO INCREASE RATES OF BENEFIT, TO REDUCE THE NUMBER OF WAITING DAYS BEFORE RECEIPT OF BENEFIT, ETC.

Hon. Milton F. Gregg (Minister of Labour) moved that the house go into committee at

the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Unemployment Insurance Act, 1940, to increase certain rates of benefit under the act; to reduce the number of waiting days before the receipt of benefit; to extend the period of entitlement for supplementary benefits; and to make provision for certain administrative changes.

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

Motion agreed to.

NORTH ATLANTIC TREATY

QUESTION AS TO RESOLUTION APPEARING ON ORDER PAPER

On the orders of the day:

Mr. Gordon Graydon (Peel): May I ask the Secretary of State for External Affairs whether there will be any implementing legislation to follow the resolution which appears on the order paper today, after this resolution has been carried?

Hon. L. B. Pearson (Secretary of State for External Affairs): No, Mr. Speaker. I do not think that this resolution of approval of the protocol will require any implementing legislation.

Mr. Graydon: Perhaps I should not be asking the question now, but in that case will this resolution go to the standing committee on external affairs for examination?

Mr. Pearson: That could be done, Mr. Speaker; but I had hoped that we could deal in the house itself with the resolution of approval of this protocol.

EMERGENCY GOLD MINING ASSISTANCE ACT

EXTENSION OF APPLICATION TO YEARS 1952 AND 1953

Hon. George Prudham (Minister of Mines and Technical Surveys) moved the third reading of Bill No. 242, to amend the Emergency Gold Mining Assistance Act.

Mr. Rodney Adamson (York West): Mr. Speaker, I have just one thing to say on this matter. We had an extensive and, I think, worth-while debate on it last week, but I have one further remark to make on third reading. It is this. There will be no solution to the problem of Canadian gold mining without an increase in the price of gold. This can be done by two methods, namely by allowing the price of gold to increase through the operation of the free market or by joint international action by edict or governmental decree. I would hope that the former would be the method taken, because it is the economically correct method. As I have pointed out, gold is becoming extremely scarce in world trade. This is a world danger.

We have seen this country, Mr. Speaker, set an example with regard to the international bank for reconstruction. We have taken courageous action in making our initial payment to this organization available for the purposes of the bank. I suggest that the bank's actions with regard to international trade have been very helpful and very constructive. Having taken this initial action with regard to the international bank for reconstruction, we have just completely paid up our $65 million, making our subscription to this organization complete. We have taken courageous action in freeing our dollar and abolishing exchange control. We have not, however, taken similar courageous action with regard to the international monetary fund. Until we are prepared to take that necessary and desirable courageous action with regard to gold trading with the international monetary fund there can be no solution to the Canadian gold problem.

I further submit, Mr. Speaker, that had we been prepared to take that courageous and forthright action we should have met with the same degree of international approbation that our action with regard to the international bank for reconstruction has brought us.

Mr. Fleming: May I ask the minister whether he is prepared to make any statement now on the subject of the policy of the Canadian government in regard to seeking an increase in the price of gold.

Mr. Prudham: I have no further statement to make on this bill.

Mr. Donald M. Fleming (Eglinton): I will take a moment, then, to express regret that the government has no statement to make on this vitally important question. We are still dealing with a great national problem on a temporary stopgap basis. The measure that is before the house, while it must be supported by us all as far as it goes, is nevertheless nothing more than a stopgap temporary measure. I hope that before long the government is going to come to grips with this problem, and really show that it is seized of the importance of the problem and is going to make some resolute effort to persuade the United States government to increase the price that it is paying for Canadian gold, and to seek also remedial action, through the international monetary fund, to relieve the Canadian gold mining industry of some of the shackles that have been imposed upon it

as a result of the decisions of the international monetary fund to which the government of this country has been a party.

Motion agreed to, bill read the third time and passed.

AERONAUTICS ACT

AMENDMENT TO PROVIDE FOR ZONING OF AIRPORTS

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee to consider Bill No. 194, to amend the Aeronautics Act.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

On section 1—*Powers administered to make regulations with approval of governor in council.*

Mr. Green: There is only one section to this bill. I wonder whether it could be called by the subsections?

The Chairman: Is it agreeable?

Mr. Chevrier: I have no objection.

The Chairman: On subsection 1: shall it carry?

Mr. Green: Is the minister making any statement at all?

Mr. Chevrier: I have already made a general statement on the resolution, and I think a very complete statement on second reading of the bill. This bill has been sent to the committee on railways, canals and telegraph lines, where it received careful study and consideration. It has come back to the committee of the whole with one amendment. I do not think I can add anything more.

Subsection 1 agreed to.

On subsection 2, paragraph 5—*Publication of zoning regulations.*

Mr. Green: Subsection 2 of the bill adds five subsections to section 4 of the Aeronautics Act. Some question has arisen concerning two of these new subsections. One, which is numbered 9 in this present bill, provided that an applicant for compensation for damage resulting from these airport zoning regulations must commence proceedings within one year from the time the zoning regulations were filed in the land registry or other appropriate office. When the bill was given consideration by the committee, that period was changed from one year to two years, which I think is a great improvement. We are not quarrelling with that particular subsection, now that that change has been made. But we are still very much worried about the new subsection 8, which is the one providing for compensation for damage resulting from these airport zoning regulations. If hon. members will refer to the subsection in question they will find that it reads as follows:

> Every person whose property is injuriously affected by the operation of a zoning regulation is entitled to recover from Her Majesty, as compensation, the amount, if any, by which the property was decreased in value by the enactment of the regulation, minus an amount equal to any increase in the value of the property that occurred after the claimant became the owner thereof and is attributable to the airport.

That means of course that a person who has suffered damage by reason of this zoning regulation having been passed can claim compensation for the decrease in value, but there has to be deducted from that compensation any increase in value of his or her property which occurred after he or she became owner of the property, and which is attributable to the airport. That would work out in this way. Suppose that damage caused by the zoning regulations amounts to $1,000. Then the owner of the property affected will not necessarily be entitled to get that sum of $1,000 from the crown, because the judge of the exchequer court, after determining that the damage is $1,000, would have to examine into other factors. First of all, he must decide whether the setting up of the airport in question increased the value of the property. Then he must decide whether the owner who is claiming the compensation got that property before or after the airport was built. If the property was acquired before the airport was built, and if there has been any increase in the value of his property by reason of the airport being built, then that amount of increase is deducted from the compensation. So that the owner of the property may very well find his thousand dollars wiped out completely by this string attached by the section with respect to the compensation. It should be pointed out that after this deduction has been made in the damage payable because of the zoning regulations, then should the land itself be taken over by the government under the Exchequer Court Act, the same deduction can be made again. In other words, the increase in the value of the land by reason of the placing of the airport could be deducted from the amount a man would receive for his property. This would follow as a result of the provisions of section 50 of the Exchequer Court Act.

We believe this section is not properly worded. It is our feeling that, instead of deducting the amount by which the land was increased in value by reason of the airport, there should be deducted only such increase

in value as is caused by the zoning regulations. Then an applicant who has proved that he has suffered damage would have deducted whatever increase in the value of the property resulted from the zoning regulations themselves, rather than mixing up the zoning regulations and the value of the property, as is done under the wording of the section as it now stands.

We suggest that the minister give further consideration to making a change accordingly in this subsection. The owner who is going to apply for compensation will have to go to the exchequer court, and that is an expensive procedure, as well as being cumbersome. I doubt whether many owners will be able even to get the compensation under this act to which they are entitled. It seems unfair that they should be handicapped by having the restriction contained in the last three lines of paragraph 8 in the bill, which reads—

—minus an amount equal to any increase in the value of the property that occurred after the claimant became the owner thereof and is attributable to the airport.

Mr. Graydon: I should like to raise my voice at this time.

Mr. Chevrier: So that there may be orderly discussion, do I understand that paragraphs 5, 6 and 7 have passed? The hon. member for Vancouver-Quadra was discussing paragraph 8, and I would assume the hon. member for Peel is now about to discuss the same subject.

Mr. Graydon: Yes.

Mr. Green: Subsection 2 of the bill includes paragraphs 5, 6, 7, 8 and 9. For that reason I have dealt with 8 and 9 because they are all in subsection 2.

Mr. Chevrier: Then may we pass all of them with the exception of 8 and 9?

The Chairman: Is it agreed that we shall consider subsection 2 of section 1, paragraph by paragraph?

Mr. Green: That is satisfactory to me.

The Chairman: Then, is subsection 2, paragraph 5, agreed to?

Subsection 2, paragraph 5, agreed to.

Subsection 2, paragraphs 6 and 7, agreed to.

On subsection 2, paragraph 8—*Compensation.*

Mr. Graydon: I should like to state my position concerning this paragraph. However, what I had intended to say has been covered by the hon. member for Vancouver-Quadra, and I have no desire to repeat what he has said.

[Mr. Green.]

I placed my views on record in the committee on railways, canals and telegraph lines, but I think some further observations would be in order at this time. As the minister knows, in the bill which was to have come before the house on a previous occasion, the question of compensation had not been accepted by the government. Upon review, compensation was restored to the bill, with the result that the bill became more acceptable to many who had thought that the matter of compensation would raise difficulties in the minds of those who were adjoining owners of properties.

My thought concerning the paragraph at this time is that I fear that what has been done has been to give with one hand and to take away with the other. I am concerned because I feel this might mean that the compensation that was to become payable after adjudication by the exchequer court, by virtue of the express paragraph in the subsection, may amount to very little. Compensation is the chief feature of the bill as it relates to the adjoining owners of land. I am concerned particularly because all the rights and all the money values that could be awarded to an owner adjoining an airport may be subtracted as a result of the minus feature in the section.

I suggest that on this ground the bill is defective. In addition to that the question of ownership arises, because the section says that from whatever may be given by virtue of a decrease in value of land, due to these regulations, there may be subtracted an amount equal to any increase in the value of the property occurring after a claimant becomes its owner.

I pointed this out in committee, and I do so again at this time by way of emphasis to the minister, in the hope that at some future time a correction can be made. However, I should think that it is not at this time too late to make the change. It seems to me the provision in the paragraph does discriminate between the owner who held the property when the airport was first installed, and the new owner who has owned the property within recent months. Certainly they are not being treated in the same way in this paragraph, as I see it.

It seems to me that in the paragraph there is a vast difference between the way we treat the man who has held the land for a long time and the one who has acquired it only a short time ago. I do not wish to repeat in their entirety the observations I made in the standing committee, but I would point out to the minister that the wording

of the last two sentences in paragraph 8 is in my opinion faulty in that it indicates that such compensation shall be—

—minus an amount equal to any increase in the value of the property that occurred after the claimant became the owner thereof and is attributable to the airport.

I had hoped the standing committee would see fit to support me. However, they did not see eye to eye with my view, with the result that I lost the battle. It is not the first time I have lost a battle in the House of Commons, so I do not feel bad about it. I think it would have been better if we omitted the words, "is attributable directly to the airport." As the minister knows, in some of these instances the value of land has not been increased just because there happens to be an airport there. The increase may be attributable to the fact that there are large installations of industry and manufacturing at that particular point. I have in mind at the moment the Malton airport where the A. V. Roe Company have a large aircraft manufacturing centre. That fact has attributed to the increase in value of land about the airport much more, if I may say so, than has the airport itself.

I think that distinction should be drawn so that the "minus" provision would not be so broad as it might perhaps be interpreted to be. I think that would carry out the design which all of us in the committee I believe had in mind, that it should be considered as being directly attributable to the airport.

I want to raise only one other point which I raised before. I would have hoped that the minister would give what weight he considers advisable at least to suggestions that are made with the design of making the legislation better than it is.

Mr. Browne (St. John's West): Mr. Chairman, I should like to join with the previous speakers in objecting to the wording of this paragraph. I am quite sure the minister realizes the difficulty of drafting a paragraph that will satisfy the officials in the department and at the same time satisfy the members of the opposition. I think anyone reading this at first will certainly be puzzled when he comes to the word "minus". The phrase there is, "minus an amount equal to any increase in the value of the property". That would be minus an amount equal to any increase in value brought about by the creation of the airport.

It seems to me that there is no relation to the two things. We have airports now in existence and in the future we are going to have zoning regulations. As a result of those zoning regulations the theory is that damage may be done to property. If there were damage to property the owner would be entitled to compensation as a result of the zoning regulation.

But then the government says, "We are not finished, we must go back and see what if anything you got when the airport was constructed perhaps ten, fifteen or twenty years ago". It seems to me that that is mixing two things which should not be mixed up. For example, you might have two persons owning property, both being equally affected by the regulation. One man may have owned his property before the airport was built while the other man might be a recent purchaser. The first man would get compensation equal to the damage which his property had suffered as a result of the zoning regulation. But the other man would be asked when he had bought his property, and when he replied that he bought it since the airport had been built he would be told that his case was different, that he must take off part of the compensation he would get.

Mr. Murphy: It is the other way around.

Mr. Browne (St. John's West): The government is saying that any improvement which has occurred after that owner took over must be taken off if the increase in value is attributable to the airport. Is it not reasonable to assume that there will be discrimination as between the two owners? It is a very subtle paragraph, I suggest. I think the paragraph would be greatly improved by dropping all the words after the word "regulation" in the fifth line. The paragraph would then read:

Every person whose property is injuriously affected by the operation of a zoning regulation is entitled to recover from Her Majesty, as compensation, the amount, if any, by which the property was decreased in value by the enactment of the regulation.

That would be sensible. If you take anything off, then it seems to me you are taking away from the common sense of the regulation. Surely a man is entitled to any damage done to his property by government legislation. That seems to be only just and equitable. But if you go back and inquire into the value of the property ten, fifteen or twenty years ago, and if any improvement in value has resulted as a result of the utilization of adjoining property by the government in the meantime, then I think you are doing that man an injustice.

I do not think there is very much more that can be said on this question. I suggest to the minister that he will be much happier and we will be much happier about the paragraph if the last few lines are dropped.

Mr. Chevrier: Mr. Chairman, I would feel much happier indeed if I could meet all

the objections raised by my hon. friends on the other side, but I think their objections in so far as this clause is concerned are not well founded. I say that generally, and then I hope to be able to deal specifically with the objections they have raised.

I say that generally because, first, we have given careful consideration to the drafting of this section over a period of many months. Then I would remind my hon. friends on the other side that we are breaking new ground. To my knowledge compensation has never been paid in this country in connection with the zoning of airports or for that matter in connection with any other zoning restrictions.

Mr. Browne (St. John's West): Zoning regulations of this kind.

Mr. Chevrier: Or of any other kind. No compensation is paid under municipal zoning regulations. When a municipal by-law is passed there is no provision for compensation because a man must build twenty feet from the street line or must erect a house having a value of $15,000 or $20,000. These restrictions are akin to the restrictions imposed by municipalities, and that is why I make the statement that this is a new field. I think we are entitled at least to a trial in order to see how it will work out.

Hon. members say that this is unfair because it gives with the one hand and takes away with the other. It does not provide any such thing, if you read the bill carefully, and I say this with all respect to those who have spoken. It has been suggested by an hon. member that if a person suffers damage to his property to the extent of $1,000, that $1,000 might be wiped out if the "minus" provision was applied. That is not a proper interpretation to put on the paragraph.

I would think that the proper interpretation to put on it is this. The moment we decide to zone an airport and pass a regulation we register a plan and the regulations which will indicate how the airport will be affected by the zoning that has been described in committee and here, that is, the horizontal zone limiting buildings to one hundred and fifty feet; the zone at the end of the flightway where buildings may go up one foot for every 50 feet out; and the zone on the side of the flightway where they can go up a foot for every 7 feet out.

Let me take the case quoted by the hon. member for Vancouver-Quadra. Supposing these zoning regulations affect 30 acres of a farm of 100 acres; roughly speaking, a little less than one-third of the farm is affected and the "minus" would apply only to that one-third and not to the two-thirds as suggested by my hon. friend. In other words, what the regulation will apply to is the plan with the description which will be deposited in the registry office, which in that particular case would be the one-third. The "minus" will apply to the same portion of the land as will the "plus". For that reason I think the section is properly worded.

It has been suggested that there will be discrimination between owners of adjacent properties, the one who may have bought his farm a long time ago and the one who may have bought it recently. I do not see that any distinction is being made at all. If an original owner disposed of his land one or two months ago he benefited by the increase in the value of the farm just as an original owner will benefit proportionately in the increased value of the farm if affected by these regulations. I cannot see any distinction between adjacent owners, one who bought the day before yesterday and the other who has held his property for years. The one who bought the day before yesterday paid the increased value attributable to the airport. Therefore the original owner will lose absolutely nothing, and so far as the new purchaser is concerned, why should he gain by it? He has just purchased the land at the time the regulations are put into effect so there is no discrimination against him.

The question has also been raised that the word "directly" should be added in line 14, clause 8, so as to define the word "attributable" more accurately. I indicated in the committee that I had no objection to adding the word "directly", but counsel for the Department of Transport indicated that the word would make no difference because the court would have to take cognizance of what was attributable. The committee decided against that amendment, and in the face of their decision I cannot come forward and suggest that the word "directly" should be inserted now. I do not think I should do that.

Mr. Macdonnell (Greenwood): Did you try to persuade them to put it in?

Mr. Chevrier: I did not hear that.

Mr. Macdonnell (Greenwood): Did you try to persuade the committee to put it in?

Mr. Chevrier: I certainly indicated I would have no objection but the committee overruled me and I think I should stand by their decision.

Mr. Graydon: You and I may be right yet.

Mr. Chevrier: Possibly. Then it has been suggested both in the committee and here today that a period should be placed after the word "regulation" and that the second half of clause 8 should be deleted. If one were to do that I think one would destroy the full intent and meaning of this clause. I say again that we gave this matter very careful consideration. I am not unmindful of the valuable suggestions that my hon. friends have made in an attempt to assist the government to strengthen this bill, but I would remind hon. members that the Department of Justice, as well as officials of the Department of Transport, gave the matter earnest consideration, and so did the cabinet. I must say in fairness that we considered it very carefully. Since it is new legislation why not give it a chance to operate? We would like to put it into effect in so far as the main transcontinental airports are concerned and then move out from there. I think we will find that it is not nearly as meaningless as has been suggested. Therefore my recommendation is that we give the legislation a trial. If it does not work out parliament will be sitting again and we will have an opportunity to change it if such a course is indicated.

Mr. Green: The minister did not deal with the point I raised with respect to a subsequent expropriation. As I read the legislation, the position is that there is deducted from the amount for damage done to the man's property by the zoning regulation the amount of the increase in the value of the property brought about by the installation of the airport. Suppose the case has been fought out and that deduction has been made. Then two or three years later the department decides to expropriate the land, and there is the right under the Exchequer Court Act to make exactly the same deduction from the price paid to the owner of the property, in other words the amount by which his land was increased in value by the construction of the airport. How does the minister justify that position?

Mr. Chevrier: I do not think there is any anomaly there. If on account of these zoning restrictions a man receives X dollars less the amount by which that portion of his property affected by the easement has increased in value, then I cannot see why, if the department expropriates at a later date, the ordinary rules and regulations covering expropriation will not obtain. Surely the expropriation procedure will not in any way affect the compensation, payment of which is provided for here. I think there is a distinction between the two. If we have to expropriate we will expropriate all the lands and buildings that have to be expropriated under the ordinary rules of the Exchequer Court Act, and if we have to zone we will zone under this regulation. I do not see how the one interferes with the other.

Mr. Green: Let me approach it in the other way. If the minister stepped in and expropriated a piece of land today there would be deducted from the amount of compensation paid for that land whatever increase in value had resulted from the construction of the airport. The minister will admit that is the procedure followed where land is expropriated.

Mr. Chevrier: I do not know that I follow the hon. member. Is the hon. member referring to a case where we pay compensation for a portion of A's land because of these regulations and then next week, after we have paid the compensation, expropriate that very portion? Is that the case?

Mr. Green: That is what I was referring to earlier in my remarks but now I am approaching it from the other angle.

Mr. Chevrier: Have I answered my hon. friend on the first part?

Mr. Green: No. Suppose the land is expropriated by the government. The amount that the owner gets will be reduced by whatever increase in value is caused by the construction of the airport.

Mr. Chevrier: I can answer that immediately by saying that that case will be dealt with according to the ordinary rules of expropriation under the Exchequer Court Act. My hon. friend wants me to give him an answer now on a hypothetical case. I cannot. How can I? The only answer I can give my hon. friend is that, if we zone, the compensation is provided here in clause 8, and if we expropriate, the compensation is set out in the Exchequer Court Act.

Mr. Green: Yes, but the point is that in both cases the amount which is deducted from the compensation that the owner gets is the same. You deduct from his damages as a result of the zoning regulations the increase in the value of the land caused by the construction of the airport. If you come along three or four years later and expropriate the land you make the identical deduction again. Therefore it is not fair to the owner. You are taking that same amount away from him twice.

Mr. Chevrier: Will that not be a matter for determination by the court? Is it not a fact that under the rules the value to be determined by the court is the value at the time the plan and the expropriation proceedings

are filed in the registry office? That is the time at which values are determined. I cannot give a more accurate or a fairer answer to my hon. friend.

Mr. Green: But our complaint is about the deduction, not the value that is placed on the amount of damage caused by the zoning regulations. We would be quite satisfied to have the amount of damage decided by an exchequer court judge. But this section has a string attached to it by way of this minus provision which compels the judge to take away whatever the amount may be by which the property has been increased by the construction of the airport.

Mr. Chevrier: That is already in the Exchequer Court Act.

Mr. Green: The judge has exactly the same deduction to make. If a man's property is expropriated and the case goes to the exchequer court, then under the Exchequer Court Act the judge has to make exactly the same deduction, which means that the man is not getting proper compensation. He is having that amount deducted twice. That is our complaint. But if the minister will not do anything about it we cannot.

Mr. Chevrier: I do not want to be unfair to the opposition—

Mr. Green: It is not being unfair to us, but to the owners of the properties.

Mr. Chevrier: I do not think we are being unfair to the owners. I think we are being very fair to the owners, because we are giving them something which never existed before. We give them compensation, and such a provision does not exist in the United States. In the United States airports are zoned, but no compensation is paid at all. Here we are zoning and will pay compensation. We are breaking new ground, as I said earlier, and we are going much farther than our neighbours to the south.

What I am suggesting to the hon. member is that this section should be given a fair trial, since it does break new ground. The Exchequer Court Act is there if we do make a mistake and are not able to negotiate a fair settlement with the owner.

Mr. Green: You are stepping, in effect, into the field of property and civil rights. It is an entirely new departure, and all we suggest is that when you provide for this compensation, if you are going to give any compensation at all you should give a fair amount.

Mr. Chevrier: We have given it careful consideration.

Mr. Noseworthy: I merely want to say that in the committee I supported this section which we are discussing, chiefly on the ground that I felt there was a need for some such regulation to protect the taxpayers against the would-be speculator, and in the second place because I prefer to trust the good judgment of the experts in the minister's department to some of the legal minds in the official opposition.

However, I should like to ask the minister this question. Let us assume that two men, say at Malton, have thirty acres each which are closely affected by this zoning regulation, and that the damages would be about the same to each of the two men. One is the original owner of the land, since he probably took up the farm fifty years ago. There would be deducted from his compensation the increased value which had accrued to those thirty acres by reason of the airport being established. The second man came into possession a month before the zoning regulations went into effect. As I read this clause, there would be no deduction from his compensation, because it would be only reasonable to assume that there had been no increase in the value of the land within the past thirty days. Would the department then be required to pay the recent purchaser a much more substantial sum by way of compensation than they would have to pay to the one who was the original owner of the thirty acres?

Mr. Chevrier: I would not think so, because the value of the land at the time the plans were deposited would be the fair market value, which I take it would be the value paid by the second individual to the first. I do not imagine there would be a great difference.

Mr. Noseworthy: The minister does not think there would be any great difference in the compensation paid to the two men.

Mr. Green: How could the minus provision come into effect in the latter event, where the man bought the property a month ago, which may be years after the airport was established. Obviously this minus provision does not come into effect at all, and the government would have to pay that man more than the one who held his property since before the airport was erected.

Mr. Chevrier: I can only say to the hon. member for Vancouver-Quadra that these are hypothetical cases which it is rather difficult to answer accurately, and that is what one is being asked to do. The departmental officials will try to negotiate a fair settlement. If they are not successful, the court will determine the amount. I am being asked what the difference would be between the two, and all I can do is to give my view that this is the position.

Subsection 2, paragraph 8, agreed to.

Subsection 2, paragraph 9 as amended agreed to.

Section agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

TAX AGREEMENTS

AMENDMENT OF CANADA-FRANCE INCOME TAX CONVENTION ACT, 1951

Hon. J. J. McCann (Minister of National Revenue) moved the second reading of Bill No. 289, to amend the Canada-France Income Tax Convention Act, 1951.

He said: Mr. Speaker, the purpose of this bill is to approve the codicil to the income tax convention between Canada and France. The convention was approved by parliament as chapter 40 of the statutes of 1951, assented to June 30, 1951. Under the convention a French enterprise will only be taxed in Canada with respect to its industrial, mining, commercial or financial profits to the extent that these are attributable to its permanent establishment in Canada. Similarly, a Canadian enterprise will only be taxed in France with respect to similar profits attributable to its permanent establishment in France.

Now, I should like to point out to the house that the change in this bill has to do entirely with what constitutes a permanent establishment, either in France or in Canada. The term "permanent establishment" was defined in paragraph VI of article 2 of the original agreement.

Mr. Macdonnell (Greenwood): Is that the agreement attached to the act?

Mr. McCann: That is the agreement we passed a year ago, and it is attached to the act.

The codicil to the convention, which is the subject of the present bill, adds a further refinement to this definition of "permanent establishment". It provides—this is the change—that a Canadian enterprise shall not be deemed to have a permanent establishment in France, if the contract for the sale of goods is settled in Canada, even though the goods are kept in storage in France for the convenience of delivery and not for publicity purposes. The same rule applies to a French enterprise selling in Canada. A company may have an agent in the other country to solicit orders which are transmitted to the home country for final acceptance. A similar provision was included in the income tax agreement between Canada and New Zealand, and it is also found in the agreement made between Great Britain and France.

The convention is not yet in force. It will come into force upon an exchange of notes between the Canadian and French governments, which exchange will take place when the necessary legislation has been passed in both countries. I might also add that, as to the action being taken by the French government to bring the convention into force, we have been advised by the Department of External Affairs that Mr. Pinay, the French Prime Minister and Minister of Finance, stated in the French national assembly on May 9, 1952, approximately as follows, and I quote:

> The convention signed between France and Canada on the 14th March, 1951, could not be submitted for the approval of the French parliament because it was thought desirable, in advance, to complete and clarify certain of its provisions. However, agreement on the matters in doubt can now be considered as having been definitely settled and everything will be done to complete the necessary proceedings for putting the convention into force within as short a delay as possible.

Mr. Macdonnell (Greenwood): Mr. Speaker, I do not think there is any question of principle involved here. There are one or two questions I should like to ask, however, but they can wait until we get into committee.

Motion agreed to and the house went into committee, Mr. Ashbourne in the chair.

On section 1—*Codicil approved.*

Mr. Macdonnell (Greenwood): Mr. Chairman, the schedule to the new bill states:

> The government of the French republic and the government of Canada, desiring to complete the agreement signed on March 14, 1951—

I have the statute in my hand. The agreement which appears as a schedule says it was signed on March 16. Apparently there is another agreement because actually, so far as I can discover in this agreement attached to the bill, this amendment which we have does not fit in with the numbering. Can the minister tell me whether there is another agreement dated March 14? Perhaps I had better add this. If the minister will read the wording, and if he will look at article I of the agreement which appears in the schedule, he will find that it reads as follows:

> Paragraph 6 of article II of the agreement of March 14, 1951, is to be completed with a new subparagraph (iii) which reads as follows:

In the agreement in the statute which I have before me, and which appears as a schedule to the bill, paragraph VI of article 2 already has three subsections. I do not want to make heavy weather about this matter, but I am not able to understand the numbering; and if there is any confusion, it seems to me that now is the time to get it straightened out. Have I made my point clear to the minister? The agreement attached to the bill is dated March 16. In the new Bill

No. 289, reference is made to an agreement on the 14th of March, 1951. In the second place, the new subparagraph set out in the schedule, as far as I can discover, does not fit in, as to the numbering, anywhere in the agreement of March 16 which appears as a schedule to the act of a year ago.

Mr. McCann: The schedule that I have here is signed on March 16.

The government of the French republic and the government of Canada, desiring to complete the agreement signed on March 14—

Mr. Macdonnell (Greenwood): That is what I am referring to.

Mr. McCann: To continue:

—1951, for the avoidance of double taxation and the prevention of fiscal evasion, with respect to income taxes, have agreed as follows:

Mr. Macdonnell (Greenwood): My point is this. As far as I can see there is confusion between "16" and "14". If I thought it was merely a matter of difference of dates, I would not bother.

Mr. McCann: May I explain that the agreement was signed on March 14; the government of the French republic and the government of Canada, desiring to complete the agreement which was signed on March 14, 1951.

Mr. Macdonnell (Greenwood): There is something wrong there. The agreement itself —and again I read from the schedule—

Mr. Fleming: It was signed on March 16, 1951.

Mr. Macdonnell (Greenwood): Another thing I would point out is this. If the minister will look at the schedule to the act he will find it stated:

Done at Paris, in duplicate, on the 16th day of March, one thousand nine hundred and fifty-one.

As I say, if it was merely a question of the difference between "16" and "14", I might not bother.

Mr. McCann: There may be an error in the schedule.

Mr. Macdonnell (Greenwood): It is more than that; because as far as I can discover, this amendment does not fit in. I would ask the minister himself to look at this amendment. Let me read it:

Paragraph 6 of article II of the agreement of March 14, 1951, is to be completed with a new subparagraph (iii) which reads as follows:

But in this schedule to the act, paragraph VI of article 2 already has three subsections.

Mr. Applewhaite: It has to be renumbered.

Mr. Macdonnell (Greenwood): No; as a matter of fact, it does not. As far as I can see, either there is another document or there is some mistake in drafting. I suggest that the section stand over because I certainly am not going to pass it as it is. If the minister has not the act before him, perhaps I had better send it across to him so that he can look at it.

[Mr. Macdonnell (Greenwood).]

Mr. McCann: I have the act here.

Mr. Abbott: Perhaps it might stand, and we could have it checked up.

Mr. Macdonnell (Greenwood): I think that would be the better thing to do. I suggest that it be allowed to stand.

The Acting Chairman (Mr. Ashbourne): Shall the section stand and shall I report progress and ask leave to sit again?

Mr. Fleming: As it is going to stand, may I raise this point so that the minister may consider it if he will. I appreciate that any term in article I is embodied in an international agreement. But there is one word here, which it seems to me is not in accordance with the purpose intended. It is in the second line where it uses the expression "contracts settled in said state".

Mr. McCann: Are you reading from the codicil or from the act?

Mr. Fleming: I am now speaking of the schedule to the present bill.

Mr. McCann: Where is that?

Mr. Fleming: In the schedule, in the proposed new subparagraph (iii), in the second line, we have the expression "in accordance with contracts settled in said state". I take issue with the word "settled". What is it intended to mean? It is not a word that is normally used as applied to contracts. Does it mean contracts entered into, contracts negotiated, contracts signed, executed or performed?

Mr. McCann: I suggest that it means contracts fulfilled.

Mr. Fleming: Then we should certainly say so, because "settled" does not mean "fulfilled", as ordinarily applied to contracts.

Mr. Abbott: It is synonymous with "completed".

Mr. McCann: If my hon. friend reads the next line, I think he will find that the matter is explained. The next line reads as follows:

. . . from the sale of goods or merchandise kept in storage within the territory of the other state.

That means fulfilment of that contract. That is the whole basis of this bill. I will give my hon. friend an example. For instance, suppose the French have stocks of wine in this country. If the sales under

ordinary circumstances were made and the contracts taken and fulfilled, then the profits from them would be taxable. But if that sale is made from goods in storage in this country by an agent, and the sale is ratified back in France, then they become non-taxable, and we agree to do the same for France as France will do for us in France.

Mr. Fleming: I think the purpose is quite clear. In other words, the company is not deemed in effect to be doing business in Canada if an agent simply acts as a medium of delivery.

Mr. McCann: That is right.

Mr. Fleming: But on the other hand if, in addition to acting as a medium of delivery, he makes himself a publicity agent for the purpose of advertising goods or does some other act, the company may be deemed to be carrying on business here.

Mr. McCann: That is right.

Mr. Fleming: But what concerns me is this word "settled". It is not a word that is normally applied at all, in legal parlance, to the context we have here. I suggest that if the meaning intended for the word "settled" is "fulfilled", then we should certainly say so. I do not so read it.

Mr. Abbott: We do not want to get into a legal argument, but the word "fulfilled" has a very much wider meaning than the contract completed or settled in a given place.

Mr. Fleming: The word "fulfilled" would not mean it was the end of the—

Mr. Abbott: My own offhand opinion, for what it would be worth, would be that "settled" here would be synonymous with "completed". My hon. friend knows of those business transactions where you find the phrase: "the contract is completed in such and such a place" where the acceptance is given, and so forth. I would not worry too much about the word "settled"; I think it is synonymous with "completed".

Mr. Fleming: I think the Minister of Finance will agree that two quite different meanings can be attached to the word "settled", as applied to the contract. It is used in one sense where we are thinking merely of the entering into the contract so that a binding agreement is created or completed. It is sometimes used in that sense. Then there is another quite different sense meaning fulfilment, completion of the performance on the part of the parties. This word "settled" seems to me to be a most inept word to be used here. I gather from the remarks of the Minister of Finance that the meaning sought to be attached to these words here is "entered into" so as to create a binding obligation. Then it seems to me that the word "settled" is not the proper word for that purpose.

Mr. Abbott: If it is going to stand, perhaps it could be looked into at the same time by the law officers.

Mr. McCann: I think this is a dispute between lawyers, and not being one I am just going to say here that my law officers use the word "settled". They say:

> The codicil to the convention which is the subject of the present bill adds a further refinement to this definition of "permanent establishment." It provides that a Canadian enterprise shall not be deemed to have a permanent establishment in France, if the contract for the sale of goods is settled in Canada.

You people ought to agree on what is meant by "settled".

Mr. Macdonnell (Greenwood): What are courts of appeal for if they do not imply that lawyers sometimes use the wrong word? It seems to me that the hon. member for Eglinton has a point. Even a second-rate lawyer like myself knows that the word "settled" does not usually imply the signing of a contract; it implies an agreement arrived at in the minds of the people who then proceed to put in the terms of the contract. In the ordinary acceptation that is what it is.

Mr. Abbott: We had better not get into that, because I could give you quite an argument the other way.

Mr. Fleming: The Minister of Finance suggested that the point I raised might stand, along with the other one, and it might be given some consideration.

The Chairman: Do I understand that clause 1 stands?

Mr. Macdonnell (Greenwood): May I ask a question? I should like to know when this comes up again what is meant by the phrase: "kept in storage within the territory of the other state for the convenience of delivery and not for publicity purposes". Is the minister satisfied with this? Who is to determine for what exact purpose the goods are exclusively there? However, that can wait until it comes up again.

Mr. Abbott: Samples.

Mr. McCann: Stock is not actually there, but samples of the goods are there.

The Chairman: Clause 1 stands. Should clause 2 stand as well? Shall I report progress and ask leave to sit again later this day?

Mr. McCann: Later this day.

Section stands.

Progress reported.

Immigration Act

IMMIGRATION ACT

AMENDMENT TO CONSOLIDATE AND CLARIFY—TO PROVIDE FOR LOANS TO IMMIGRANTS, ETC.

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure respecting immigration to amend, consolidate and clarify the Immigration Act, and inter alia to provide for the making of loans to immigrants in respect of the costs of their transportation, and living expenses en route, to their place of destination in Canada; to provide also for the payment, out of moneys appropriated by parliament, of the costs of transportation of divers categories of persons from Canada in certain cases.

Mr. Fulton: May I ask the minister whether he intends to make a statement at this stage, which, if I may be allowed to suggest, would possibly save further debate at this time?

Mr. Harris (Grey-Bruce): I will make a statement, but I would prefer to make it in committee on the resolution, if that meets with my hon. friend's approval.

Mr. Fulton: I simply ask that the minister outline the course he intends to follow in connection with the bill. If that were done I think it might avoid debate.

Mr. Harris (Grey-Bruce): As the resolution says, this is a prelude to the amendment and codification of the present Immigration Act. It relates only in part to immigration policy. To a very large extent it relates to the administration of immigration. It has certain provisions of a financial character, such as those mentioned in the resolution. But these are not departures in principle; they are merely an insertion in the act of authority for expenditures which are now made by the estimates and do not reflect a change in policy.

There are certain provisions in the bill which would facilitate the handling of cases in Canada, so that we will not have as much delay in the transactions with persons who are either ordered deported or allowed to land. There are other provisions which would modernize the act, which has not been revised since 1910.

I should hope that hon. members would bear in mind that the policy on immigration is not touched on except in so far as the prohibited classes are concerned. The other groups who are admitted by government policy are admitted by orders in council passed consequent upon the authority in the act. Since this department has not yet had its estimates called I would propose, and I would hope that hon. members would agree with me, that we can debate immigration policy as such on the estimates, so that this bill in the meantime might proceed.

[Mr. McCann.]

If the house sees fit to give it second reading, it will be my intention to move at that time it be referred to a select committee of the house.

Mr. E. D. Fulton (Kamloops): In the light of what the minister has said, and since there will be other opportunities to debate the principle, should it seem desirable, and particularly since the minister has drawn our attention to the fact that his estimates have not yet been considered, we of the official opposition would be inclined to let this resolution pass through this stage without debate, although we wish to ask certain questions in committee.

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

Mr. G. K. Fraser (Peterborough West): Mr. Speaker, I would like to say something before this motion passes. The resolution refers to the making of loans to immigrants in respect to costs of their transportation and living expenses en route and so forth. We had a case in my district of a Dutch immigrant who came over to Canada along with his wife and children. He had been in Canada only—

Mr. Deputy Speaker: Order. Is not that precisely a case about which the inquiry could be made in committee? This is a motion to go into committee. We are not yet in committee. The hon. member can ask his question of the minister in committee.

Mr. Fraser: If you are going into committee right away, all right.

Motion agreed to, and the house went into committee, Mr. Beaudoin in the chair.

Mr. Fraser: This Dutchman and his wife and family came over to Canada. They had been in Canada only about a week when the father became ill. A local doctor examined him with the result that eventually this man was rushed to the Peterborough hospital. It was thought at first that he was suffering from cancer but, thank the Lord, this was not so. After a sample had been sent to Toronto it was learned that he was suffering from a tumour.

I understand that the hospital care is paid for as the result of a dominion-provincial agreement, but there is no provision for payment to the doctor who looked after this immigrant. Those doctors who were involved in the case, and particularly the surgeon, who must have done an excellent job because the immigrant today is regaining health and in the end will be in better health than he has been for the past twenty years, should be paid. It is my personal view that there should be some arrangement whereby doctors

attending cases of that kind would be looked after, especially when the person treated has been in Canada for only a week or two.

Because of his illness the immigrant in question will not be able to work for some considerable time, and he will have difficulty enough in even making a living for his own family, let alone pay any doctor bills. Is it possible for the department to place something in the agreement with the provinces whereby medical expenses as well as hospital expenses can be paid?

Mr. Harris (Grey-Bruce): Mr. Chairman, I must say this is the first time I have ever heard anyone in the House of Commons recommend that an immigrant should be treated more favourably than a Canadian. However, I shall take into consideration what the hon. member has said. I would doubt whether the federal and provincial governments would feel that their agreement should go that far, but the matter can always be considered.

Mr. Fraser: This is not a case of treating one person more fairly than another. I suggest it is a case where an immigrant, upon applying for permission to come to Canada, should have been X-rayed not only for chest ailments but also for any cancer or tumour that may have been present. An X-ray would have shown up this tumour. I suggest this is one instance where the medical authorities overseas fell down on the job. It is up to the department to do something about it.

Mr. Harris (Grey-Bruce): Surely it must be obvious to the hon. member for Peterborough West that had this tumour developed six weeks earlier the government of Canada would not have been put to the expense. It would have been dealt with by the immigrant in Holland. I cannot see where there has been any neglect on our part—unless, as the hon. member suggests, we should insist upon X-rays of all parts of the body.

Mr. Fraser: That is what I am getting at.

Mr. Harris (Grey-Bruce): If my hon. friend feels that is what we should do, I shall consider the matter.

Mr. Fulton: Since there was no debate with Mr. Speaker in the chair, there are a few considerations I should like at this time to lay before the minister. It has been drawn to my attention that possibly the minister would wish to make a statement at this stage.

Mr. Harris (Grey-Bruce): No.

Mr. Fulton: Then there are two points I would lay before the minister to which he might give consideration. I should like to know whether the bill to be introduced will affect these matters, and if so how.

The resolution states—

> That it is expedient to introduce a measure respecting immigration to amend, consolidate and clarify the Immigration Act—

And so on. It is difficult to discuss the proposed legislation, because it has not yet been seen by hon. members. As I say, however, there are some general considerations which could be put forward now. The first of these—and there are not many; I can assure the leader of the house I shall not take long—is that there are a large number of Canadians who interest themselves in immigration problems who are worried by the continued inability of British immigrants, immigrants from the United Kingdom, to gain admittance to Canada. It seems to us that, while we realize full well the difficulties in the way, something more could be done to facilitate the entry of desirable immigrants from the United Kingdom who, for various reasons, find at the present time that they cannot come here. It also seems to us, following press reports in the matter, that Australia particularly, as well as New Zealand and other commonwealth countries, are getting what might be described as the cream of the crop. A substantial number of immigrants are going to those countries from the United Kingdom, and we feel that such persons would make a real contribution to the cultural as well as the economic and industrial development of this country. I would ask the minister to tell us at this stage what progress has been made in solving the difficulties, and whether it is proposed in the bill to follow to take any steps to remove those difficulties.

Then, I believe large numbers of Canadians are worried about some matters of administration which should be laid before the minister now, before the bill is actually introduced. The first of these causes of concern is as a result of what might fairly be described as rackets in connection with immigration. Let me make it clear at once that I am not alleging widespread abuses, but I am referring to the one particular set of abuses revealed in connection with immigration officers and some of the personnel at Karlsruhe, Germany, and in Italy.

The information we have on the subject would seem to reveal that there were far more civilians than there were personnel of the department involved in these irregularities. Indeed I think it should be pointed out that so far as the present case is concerned there were comparatively few departmental officials or employees concerned, and in a number of cases they were employees

who had been engaged on a temporary basis in European countries. So I should like to say that on the basis of present information it would seem that our own Canadian immigration officials were not involved. I would ask the minister whether he can give the committee any further information in connection with inquiries that have been made.

On April 23 I placed on the order paper a question to which the answer was far from complete. I am not making any heated complaint in that regard because I was informed at the time that the investigations had not been completed. I do however wish to refer particularly to certain questions and answers. I asked in question 9:

> Are the names of any private individuals in Canada, Italy, Germany or elsewhere, who were involved in, or any way connected with, these irregularities or illegalities (other than the immigrants themselves) known to the government? If so, what are the names, addresses and occupations of such persons, and in what way were they involved?

The answer to that question was as follows:

> It is not considered to be in the public interest to disclose such information.

If the reason for that answer is that the investigation into the way in which these persons were involved, and any legal consequences which should follow, was not complete, and that for that reason it was not in the public interest to disclose the information, the answer would be acceptable. But if it is intended by that answer that it is not generally considered in the public interest that that type of information should be disclosed, then I for one do not accept that answer. The fact is that some 75 persons were admitted illegally to Canada. They may have been legally qualified to enter this country, but nevertheless they were admitted illegally because of irregularities engaged in by a small number of persons in the employ of the department. In proportion to the seriousness of the crime, there was a comparatively large number of civilians, both in this country and in Europe, who were involved.

I think it is in the public interest that a disclosure should be made of the names of those who have taken part in rackets of this kind once the information is definitely established and once the fact of their participation is definitely proved. I think it is definitely in the public interest that other immigrants should not be victimized by this type of racket or by these particular individuals. I ask the minister to state whether the proposed legislation will provide additional precautions to prevent the occurrence of such irregularities in the future, and to comment particularly with respect to the present position of the irregularities which have already been disclosed.

There is another administrative matter which is bothering the people of Canada. I refer to the lack of administrative machinery to ensure that immigrants that have been brought to this country on the understanding that they will work in a particular job for a certain length of time remain in that employment during that time. I am thinking particularly of farm labour. There seems to be a fairly widespread trend among immigrants who have been brought here to work on farms for a certain period to drift into the cities before that period has elapsed.

Another matter to be considered is the inadequate provision for the assistance of immigrants coming to this country to work as domestic help. I know of instances where couples have come out to work in Canadian households. Their work has been found most satisfactory and the arrangement was continuing quite well. I have been impressed with the way in which Canadian householders have given every assistance to immigrants to learn English and to qualify themselves as rapidly as possible as good citizens.

Perhaps I may be forgiven for mentioning this other matter, but apparently, owing to the good food and perhaps the climate, it has happened in the case of many couples that pregnancies have occurred in Canada without similar pregnancies having occurred for many years previously in Europe. There have been many of these blessed events. However, they present a tremendous problem to householders in Canada who are employing these people. In cases which have come to my attention the medical advice has been that the woman immigrant should no longer continue to work. What is the householder to do? He cannot turn these people out on the street, and yet he is sometimes unable to arrange alternative accommodation.

I know of cases where householders have asked welfare agencies what can be done and have applied also to the department. I understand that there is only one person in the department to look after the welfare of all displaced persons in the immediate district. That person is simply snowed under. There is no suggestion that she is not making every effort to assist these people; the fact is that she simply cannot cope with the situation. Eventually one case I know of was dealt with by a private welfare agency in the city. It seems to me that some provision should be made by the department for the assistance of immigrants coming to this country and finding themselves in difficult circumstances so that the position of both the immigrant and the Canadian householder will be relieved.

It is indicated that the legislation contemplates a system of assisted passage and

I feel that it is a corollary to suggest that there should be closer supervision of the immigrant after he arrives here.

It has just been brought to my attention that the employers of immigrants, particularly displaced persons, are being asked by the department to supply information and make deductions from the salaries of immigrants to be turned over to the department to compensate for passage money advanced. This matter comes directly within the provisions of the resolution, which states that the legislation is to provide for the making of loans to immigrants in respect of the costs of their transportation. A circular letter—it was not even an original letter—was sent to this employer stating that he was expected to undertake and agree to make certain deductions from the pay of the immigrant employee and turn that over to the department monthly. In addition he was to undertake and agree to provide the department with certain specific information with respect to the immigrant.

I think Canadians have shown a commendable willingness to take on and train displaced persons and assist them in becoming useful and valuable citizens of Canada. A circular letter making the demand that they undertake and agree to do certain things is not calculated to further that policy and that attitude on the part of Canadian employers.

I wish to point out that in this case it was not the employer who had put in a request for this immigrant as an employee. The immigrant came to this employer who had certain vacancies in his establishment and asked if he could be given a job. He was given a job and a short time later this circular letter came along making these demands. I do not think the department should be making these demands of Canadian employers who are trying to help out immigrants in this way.

The contact should be between the department and the immigrant. It could be suggested to the immigrant that he approach the employer and ask him if he is willing to make these deductions and turn them over to the department for the immigrant. If that were done there could be no objection, but I agree with the gentleman who drew this matter to my attention that it is quite uncalled for that these sudden demands be made by a mimeographed circular letter when he has given a job to a newly-arrived immigrant.

These are some administrative details and general considerations which I should like to lay before the minister at this time and ask him to comment upon, and particularly to tell us whether any improvement in this connection can be expected as a result of the legislation he proposes to introduce.

Mr. Noseworthy: Mr. Chairman, I shall follow the minister's suggestion and refrain from making any comments on general immigration policy until a later date, but I have one complaint against the department that I want to bring out into the open now if you consider it in order. I refer to the government's policy with respect to immigration from the British West Indies. This is a matter that I have dealt with in correspondence with the minister for a period of more than a year, and I should like him now or at some later time to clarify the government's policy with regard to immigration from the British West Indies.

I have gathered from my correspondence with the minister that the government has a very different policy respecting immigrants from the British West Indies from what they have with respect to immigrants from other countries. I have had applications for immigration from the British West Indies rejected on grounds that have not been made applicable in the case of other applicants with whom I have had dealings. For instance, I have had applications for immigration from Great Britain and other countries turned down because the applicants did not measure up to our health standards. I have had some rejected because they were suspected of being communists or subversive. I have had them rejected on the ground that there was danger of their becoming indigent in Canada because provision for their maintenance that was satisfactory to the department had not been made. However, I have had applications for immigration from the British West Indies turned down on grounds entirely apart from those I have cited. There was no question as to the health of the applicants involved or their loyalty to the British way of life.

Mr. Harris (Grey-Bruce): On a point of order, may I point out that the admission of persons from the British West Indies is covered by an order in council such as I mentioned in my introductory remarks and would not be covered by the act. Unless my hon. friend feels he should do so, I would prefer that we discuss this matter on the estimates when I will explain the policy and answer any questions he has in mind.

Mr. Green: The order in council is passed under the act.

Mr. Harris (Grey-Bruce): I agree.

Mr. Noseworthy: If that is the wish of the minister I am quite prepared to comply, but I serve him with warning now that I

want some clarification of the policy of the government in this regard when the opportune time comes.

Mr. Quelch: Mr. Chairman, I intend to follow the minister's suggestion and leave the question of general policy until the estimates or some other time, but there is one point I should like to raise which I think is important. The international situation today is very critical. In fact I think the Minister of Trade and Commerce said the other day that it seemed to be deteriorating. I should like to know whether the government has given any consideration to encouraging prospective immigrants from Europe to Canada to enlist in Canada's NATO force and allow their service in that force to count as residence in Canada for citizenship purposes. After all, these men should have an interest equal to that of Canadians in stopping aggression in Europe. There is also the point that there is a certain amount of resentment when immigrants who come to Canada fill jobs vacated by Canadians who have enlisted for overseas service. If we could encourage immigrants to enlist with our forces in Europe I think it would be a good service to them and to ourselves.

Mr. Fleming: May I say briefly that I am glad to see the minister bringing down this legislation to consolidate and codify the Immigration Act because it seems to me there is scope within the present legislation for a good deal of review. I am particularly glad to hear him say that he proposes to have the bill referred to a select committee for study after second reading. I cannot think of any place where a committee could more usefully be appointed and go to work at the present time than on this subject. Having said that, may I ask the minister one question, and in doing so I shall seek to avoid the tempting field of policy which could engage us no doubt for some time.

Is it possible for the department to schedule the admission of immigrants to this country so that more of them will come in during the summer months than in the winter months when the problem of unemployment has become an acute factor as applied to many immigrants? I think the minister realizes how much easier it would be to fit immigrants into the economic life of the country and absorb them into employment if they could be largely admitted in the months from April first to the end of September. I am informed that much of the present difficulty with respect to unemployment among immigrants arises in the case of those who enter the country after the first of October and throughout the winter.

[Mr. Noseworthy.]

Mr. Harris (Grey-Bruce): To answer briefly some of the questions that have been raised, and to deal first with the question just asked by the hon. member for Eglinton, it is desirable to admit immigrants at the time when the period of waiting between their arrival and employment will be the minimum. It has always been the policy to concentrate, if possible, the admission of immigrants from roughly the first of February until some time in the late summer. That was not possible last year for a number of reasons including the fact that those who had been processed early in the year did not have transportation facilities and when the fall came they insisted on using their visas and coming forward even in the face of the knowledge that perhaps during the winter months it would be difficult to place them.

There was one other factor. The shipping that was under the control of the IRO became available in the fall for a much larger number of persons and, as I have said, they elected to come forward, unexpectedly to some extent, in the fall months rather than in the winter and spring. My hon. friend referred to the month of April, but may I suggest to him that farm workers particularly can be placed throughout the winter. The farming communities want to have men at the very earliest beginning of the spring work, and farmers are willing to take them in the winter months, even if they do not get what they consider full value for their money for a few weeks, in order to be sure that they have them when the season begins. We have had no difficulties whatever in placing farm workers throughout the year, and for that reason we have tried particularly this year to bring in farm workers in the early winter months and those who have other employment skills in the main in the later months. That is the policy, and it will be followed this year.

With respect to the hon. member for York South, I shall be glad to explain and answer any questions on immigration from the British West Indies. If in the meantime there are some points that he would like covered specifically he can let me know what they are and I shall give him the information. As to what the hon. member for Acadia said, I should like to let that matter stand and give the answer at another time. There is a matter of policy involved that affects the Department of National Defence, and I should like to be sure that in giving the answer I give what they in their experience feel the policy should be with respect to the enlistment of non-Canadians.

The hon. member for Kamloops brought up five subjects. The first had to do with whether we can bring about an increase in

the numbers coming from the United Kingdom. While I do not want to go into detail at the moment, I can assure him that up until the present time this year there has been an increase of something over 100 per cent in immigration from the United Kingdom. I should like to assure him also that at this moment shipping from the United Kingdom is more plentiful than it has been since the war.

Mr. Green: What are the figures to date?

Mr. Harris (Grey-Bruce): I said I did not want to go into the details, and I have not the precise figures, but it is up over 100 per cent since last year.

Mr. Green: It was very low last year.

Mr. Harris (Grey-Bruce): It was 32,000 last year, and that is not so very low.

Mr. Brooks: Out of 194,000.

Mr. Harris (Grey-Bruce): That is right. The next question was with respect to the answer I gave to the hon. member's question on the order paper concerning the difficulties we encountered in some of our offices abroad. The answer I gave him was only for the purpose of facilitating the investigation which is now being made by the Royal Canadan Mounted Police. It was not the intention that information on this subject should not be made public. The report of the special investigator is now being studied by the Department of Justice. There are something over 1,200 exhibits and when those have been finally studied I shall make a statement, particularly if prosecutions are launched. In the meantime, we feel that the giving of information might perhaps in some way delay or frustrate the investigation.

There was an inquiry as to persons who have engaged themselves to remain in assured employment for a period of time. This question was discussed in the house on the supplementary estimates, at which time I promised to make a statement about our viewpoint on the estimates, and I would prefer to leave that. I shall cover all the questions that were raised.

As to welfare for immigrants, I was not aware that there had been any complaint about the inadequacy of our facilities in the city of Ottawa in dealing with these matters. This is the first time I have heard that we did not have a sufficient number of persons to investigate any of these particular difficulties in which immigrants might find themselves. I shall be glad to learn further details from the hon. member.

A question was raised concerning the collection of money from the employers of those who are under the assisted passage scheme. I realize that where an immigrant goes to an employer who has not asked for him there might be a different consideration than where the employer has asked for him; but at the same time I should remind the hon. member that there was some criticism in the house on the supplementary estimates with respect to the collection of this money. I doubt very much if any hon. member would feel that the department should not follow that immigrant to the place where he is now working and attempt to collect from the new employer the same amount that was formerly collected from the old employer. As to the particular form of approach, I agree that the matter should be considered, and that the co-operation of the employer should be solicited on such terms as would be satisfactory to him, to the department and the immigrant.

Mr. Fulton: The minister should look at the mimeographed letter.

Mr. Harris (Grey-Bruce): I have not seen it, but I shall do so. We do feel that we should follow the immigrant, and we feel that employers should be agreeable, as they have been, to making these deductions in order to co-operate with us in recovering the money we have lent. I agree we should give special consideration to the employer who, in the first instance, has not asked for the immigrant.

Mr. Fulton: One specific point which perhaps I should have mentioned before is that, in order that the immigrant might be followed and a close check kept on him, he should be given a letter which he would show to his employer, and in this way the request would come from the immigrant. It would serve the double purpose of having the request come from the immigrant and keeping a check on his movements.

Mr. Harris (Grey-Bruce): I would agree, but I would add this qualification. We do not know that an immigrant has left one employer to go to another until we hear from the first employer that the immigrant is no longer on his payroll. I believe I have covered all the points. If I have not, I shall be glad to do so.

Mr. Macdonnell (Greenwood): I confess that these proceedings this afternoon have surprised and disappointed me. We have here a very important measure, and so far the minister has succeeded in getting us to agree that we will really not discuss it. We shall just pass it on to a committee on second reading, and we know what happens when things get to a committee. We are told that we shall get the details about the department when the estimates

come up. Sometimes estimates come up on the last day, and it is not easy to discuss them. However, I am an agreeable person and I am not going to kick over the traces.

I was disappointed because I had an idea the minister had a statement he was going to make. He shakes his head, so I shall content myself by asking some questions. I am going to do that with some freedom, because after all I suppose this is one of the two or three most important things with which we shall have to deal at this session. Bringing 200,000 people into this country is no small affair. There are difficulties inherent in it, and no one expects it to be done without some friction. It is a matter of common knowledge that there is a great deal of discussion, a great deal of perplexity and a great deal of dissatisfaction —perhaps based on misunderstanding—about this matter. I would have thought the minister would welcome the opportunity to make a statement as soon as possible. The course which is being taken will make everyone wonder if the minister wants to tell us as little as possible instead of as much as possible. However, I am not going to press him now for the statement which should have been made. I shall content myself with asking some questions.

One question the minister may not want to answer now but which I should like him to be thinking about concerns a little book entitled "German immigration into Canada," written by Wolfgang G. Friedmann, who is a professor of law at the university of Toronto. He has some interesting things to say about immigration. I am going to read some passages from this book, and ask the minister whether he agrees or disagrees with them. The author also has an appendix containing extracts from a speech made by Mr. King on May 1, 1947. I am not sure about the date.

Mr. Harris (Grey-Bruce): That is right.

Mr. Macdonnell (Greenwood): The author quotes from Mr. King's statement of policy. I am not going into the details of this now, but at a later time I shall certainly ask the minister whether or not he agrees with that. It is all the more important that we should have had a statement today because the genius of this bill is to allow the government to do everything by order in council. We have a few words of exclusion, a few general principles, and then the government is off to the races. As I understand it, everything from then on is done by order in council.

Mr. Harris (Grey-Bruce): Every government has done it that way under the Immigration Act.

[Mr. Macdonnell (Greenwood).]

Mr. Macdonnell (Greenwood): I am not saying that two or even four wrongs make a right. I am only making the argument that it supports the suggestion I am making that we should have, not a half dozen words or one word per 100,000 people who have entered this country, but that we should have had a full statement.

I want to know something about directed employment. I wish the minister would speak about that at some length. There seems to be a great deal of misunderstanding about it. I notice what the minister himself is reported to have said on November 28 last in Hart house. I have to quote this from the writing of Mr. Friedmann, because he does not give the full statement of the minister and I shall have to ask the minister if this is a fair summary of what he said. What Mr. Friedmann says is this:

> Many immigrants pay their own passage money and on arrival proceed to relatives, friends or places of employment. The majority, however, receive on application an advance from the Canadian government which amounts to about four-fifths of the passage money. In return they sign a contract by which they undertake to accept any reasonable work offered at current rates within the first twelve months and to repay the advance out of current earnings. This obligation, which would imply a direction of labour for an initial period is, however, purely theoretical. The immigrants know—

Here is the important thing to which I ask the minister to listen.

> —and the Canadian government has officially confirmed—that it will not direct immigrants to any employment.

The footnote to the words "officially confirmed" says:

> Through the Minister of Immigration and Citizenship, the Hon. Walter Harris, during the debate at the university of Toronto debating society on November 28, 1951.

Will the minister say whether that is a fair summary of what he said, because I am going on from there if it is.

Mr. Harris (Grey-Bruce): Mr. Chairman, I do not know what Mr. Friedmann had in mind by using that words "directed employment." We undoubtedly do direct people to employment. If what he meant was where he goes to employment and then finds it unsatisfactory, or his employer finds it unsatisfactory, and the arrangement terminates, it is a fair statement to say that we intervene only to the extent that we try to compose the differences; and failing that, we do not order the man to work where he does not wish to do so.

Mr. Macdonnell (Greenwood): Then I think what he says is pretty fair. He says that the obligation is, however, purely theoretical. In view of what the minister has just said, if I go and take a job I do not like and want

to leave, I leave. I am not minimizing the difficulty. I am only asking whether that is what is publicly understood.

I should like the minister to say a little bit more about that, just drawing to our attention what has been said and what has been understood. For instance, will the minister say something about the communications which have taken place with labour? Of course we all constantly run into situations where we are told that employment is difficult. I hope the minister will believe me when I say that I do not listen too readily to stories of that kind; because what one finds is that sometimes all they mean is that persons have not been able to get employment right on the spot. Nevertheless one runs into that sort of thing constantly.

One is also told—and here again I have not all the evidence and I am asking the minister for a statement—that the government gives assurance that people will not be brought in for callings which are already fully staffed, such as, let us say, that of textile worker. All right. Nobody is brought in who is called a textile worker. But it is said that if you go back into the dossiers, or at any rate into the lives, of the people who are coming out and who are, let us say, called farm labourers, you may find quite a few textile workers among them. Those are the things that are being said. Of course if that is true the next argument that would be made is: Yes, textile workers are allowable as farm labour; and if you put one of them on a farm and next month he leaves, you cannot do anything about it. Will the minister say something about that matter, because it is undoubtedly troubling people across this country. I have run into the complaint, as I am sure have others, not twenty times but fifty times.

Mr. Harris (Grey-Bruce): Mr. Chairman, we discussed this particular point at some length on the supplementary estimates. That discussion was concluded by my hon. friend who said he appreciated the arguments that had been made both for and against directed employment, as the phrase is now used.

Mr. Macdonnell (Greenwood): That is what I have said now.

Mr. Harris (Grey-Bruce): At that time, after having explained the position which was taken by the Department of Labour with respect to persons who were so-called d.p.'s and the position taken by this department with respect to immigrants, I gave the assurance that we would give consideration to the inquiries and the representations which were made—I think by at least one member of the party which the hon. gentleman represents—that we should alter the policy we now follow, and that I would speak on that subject on the estimates. Since then we have been considering the problem and have been gathering as much information as we could about it. I think we might leave it until that time. I have no objection to expressing an interim view, but I would much prefer to express a firm opinion at that time.

Mr. Macdonnell (Greenwood): After all, it is a question that changes from time to time and I think an interim view would be interesting. It does not "stay put".

Mr. Harris (Grey-Bruce): The position does "stay put" fairly well, Mr. Chairman. May I refer now to one of the facts stated in the article that has been read. I think the hon. member said that some three-quarters of the immigrants had come by assisted passage. Is that the figure that was given?

Mr. Macdonnell (Greenwood): I repeat the quotation:

> The majority, however, receive on application an advance from the Canadian government which amounts to about four-fifths of the passage money.

Mr. Harris (Grey-Bruce): All right. Perhaps I have the wrong figure in mind. But in the whole of last year, and indeed this year, there were only approximately 15,000 warrants for assisted passages. I am therefore not quite prepared to agree that that figure is correct.

Mr. Macdonnell (Greenwood): Perhaps I should point out that he is speaking about Germans and Austrians.

Mr. Harris (Grey-Bruce): If he is, I doubt if he is correct; but I am not prepared to speak precisely on that matter. When the committee realizes that out of 194,000 people who came in last year slightly over 15,000 family groups were represented by A.P. loans, I suggest that the problem is not of major importance, except in so far as the principle is concerned as to whether these people should have the benefit of the help of the department in getting employment suitable to their talents and suitable to the requirements of Canadian employers. We are going to discuss that principle, as I said, some time in the next three or four weeks, I hope, when the estimates are called, at which time I shall give full details in answer to the article my hon. friend mentions.

With respect to the admission of textile workers as farm labourers, while I have no doubt it has happened I must say that I greatly doubt whether it has happened often enough to be of any consequence in the unemployment which is present in the textile industry at the moment. I also hear

these stories. I know that persons abroad will apply and will say: While I am a textile worker, I am ready to go on the farm; and by that means he may possibly gain admission. But I would doubt whether there are more than a small number of persons who come forward as farm labourers, because our instructions to our officers are that they should investigate people. They do investigate them, and they do not take the word of the applicant that he is a farmer without something more to bolster that opinion.

Mr. Croll: I do not think the minister has quite answered the question put to him by the hon. member for Greenwood. I made some notes when he was speaking, and I understood that the hon. member for Greenwood had indicated that he was in favour of directed or enforced labour on these immigrants.

Mr. Macdonnell (Greenwood): Just a minute, Mr. Chairman—

Mr. Croll: I would ask the minister to answer that question.

Mr. Macdonnell (Greenwood): —that is an absolutely outrageous misrepresentation of what I said.

Mr. Croll: The hon. member has had his chance.

Mr. Macdonnell (Greenwood): I say that is an absolutely outrageous misrepresentation.

Mr. Croll: That was the note I took, and I wanted to know whether the minister would answer that question. If the hon. member did not say that, just let him say so, and I will take his word for it.

Mr. Macdonnell (Greenwood): I confined myself entirely to asking questions. I have always put the hon. member down as being a fair-minded man, and I have always wanted to do so. But if he does not apologize for what he has said I shall withdraw that in my own mind, absolutely.

Mr. Croll: Mr. Chairman, I said that I was following the hon. member—

Mr. Fulton: Following the infamous practice of slander by innuendo.

Mr. Croll: I hear some chirping from over there on the other side. As I say, Mr. Chairman, I was following the hon. member for Greenwood. He was discussing the directed or enforced employment, so used. From what he said I gathered that he was in favour of that method of employing D.P.'s or immigrants, and he asked what the minister's views were on that matter. I may have misunderstood the hon. gentleman—

[Mr. Harris (Grey-Bruce).]

Mr. Macdonnell (Greenwood): The hon. member misunderstood absolutely.

Mr. Croll: All right.

Mr. Macdonnell (Greenwood): I try to be fairly clear and fairly honest in this house; and what the hon. member has just said is an absolutely outrageous misstatement.

Mr. Croll: The hon. member is now using the head which he did not possess when he asked the question. He ought to guard his own words. That was my understanding. If he states that he did not ask that question and that it was not his intention to do so, that is the end of my question, and I withdraw the suggestion.

Mr. Macdonnell (Greenwood): No; it is not the end of it because the hon. member has put forward the innuendo.

Mr. Croll: The hon. member is not listening to himself. I am one of the members who, unfortunately, has to listen to him. I have expressed the thought that came to me as the hon. member was speaking, and that is the question I thought he put to the minister. If he says he did not do so I have nothing further to say, and I withdraw the question.

Mr. Macdonnell (Greenwood): I asked the minister whether directed employment was in existence. I asked the minister that question. I know the difficulties of it. I said that, and I asked the minister to what extent it took place, and to what extent those who were placed in directed employment stayed there. That was my question. I made no statement of any kind. I spoke in this house the other day and I said that the hon. member was a fair-minded man. I am sorry I have to withdraw it.

The Chairman: Shall the resolution carry?

Mr. Brooks: I want to ask the minister a question with regard to certain people, namely Latvians, Estonians, and Lithuanians. I had a case brought to my attention of a young Latvian man who came to this country and established himself in my own home town of Sussex, as a matter of fact. He is well established. He was promised that he could bring out his family, his father, his mother and his brothers. After investigation it was decided that these people could be brought to this country; but I believe on further investigation it was found that this young man's father, a Latvian, had served with what is called the Latvian legion against the Russians, and served with the German army.

The facts of the matter are that Latvia was overrun by Russia, as hon. members know,

in 1940. Later on the Germans came into the country and conscripted those Latvians. It was not voluntary service that was given, it was compulsory and it was against the Russians who had overrun their country. This young man's father, like many others, belonged to the so-called Latvian legion which was fighting against the Russians whom he considered his oppressors. He had never fought against any other people except Russia, but on account of fighting against an ally of ours at that time the people in this Latvian legion are prevented from coming to this country as immigrants; at least that is my understanding.

The United States immigration authorities take an entirely different view of that matter from the immigration authorities here in Canada. I hold in my hand a document which reads:

> The true nature of the Latvian legion was also studied under scrutiny by the United States displaced persons commission. The latter has made in its decision of September 1, 1950, the following statement:
>
> "Baltic Waffen-SS units (Baltic legion) are to be considered as separate and distinct in purpose, ideology, activities and qualification for membership from German SS, and therefore: The displaced persons commission holds them not to be a movement hostile to the government of the United States under section 13 of the displaced persons act of 1948, as amended."

The result is that these people are allowed to migrate to the United States, but so far they have not been allowed to migrate to this country. This is creating a hardship. I should like to ask the minister whether he has studied this situation, and whether any further study will be given it. I have a number of papers here which were given to me by this young man from my home town of Sussex, which say that his father is a man of very high education, and I believe he would make a desirable citizen.

There is another matter which they sort of take as proof against these people whom we would desire to have in this country. They say they were German sympathizers. There is the fact that some sort of blood test was made, and they have the German symbol on their arm which shows that they belong to a certain blood group, and so on. Whether or not the minister has any knowledge of this I do not know. If he has, I should like to have his comments. Frankly the case of this young man and his family, along with others who I believe have made application, might be reconsidered.

Mr. Harris (Grey-Bruce): The department has examined into the record of the Latvian legion; in fact, it has examined into all the many national groups which became involved in the invasion first by Russia and second by Germany, and then again by Russia, in central and eastern Europe. The general principle on which the department has judged these applications is: Was the man a volunteer, or was he a conscript? Second, what was his personal record?

I have no particular idea of the case my hon. friend mentions. If he gives me the name I shall be glad to look into it again; but some of these people were just as nazi as the nazis and are not given the privilege of coming to Canada. That is to say, it depends upon their personal records and on the information which fortunately is available to us. Generally, however, the mere fact that a person served in arms is not considered as anything derogatory to his application.

Mr. Brooks: In that connection I might say that this man was subsequently employed and is at present employed by the British occupation army in Germany. I have a letter here, but I will not read it to the committee. It speaks in the very highest terms, most complimentary terms of this man. I would be very pleased to give the names to the minister.

Mr. Fleming: In the discussion this afternoon much importance has been attached to the statement that the submission of the estimates of the Department of Citizenship and Immigration to the committee of supply will offer an adequate opportunity to consider questions of policy in regard to immigration. That is going to be a very important occasion. The minister let one remark drop a few minutes ago that rather chilled my blood when he referred to the time of the estimates coming up as being three or four weeks from now.

Mr. Harris (Grey-Bruce): No; any time within the next three or four weeks.

Mr. Macdonnell (Greenwood): Two or three weeks.

Mr. Fleming: I just wish to express the hope, and ask the minister to give his assurance, that the estimates of his department will not be left until late in the session. At the speed with which the house is transacting its business these days, the end of June may find this house prorogued. I would urge the minister not to leave the estimates of his important department to the dying days of the session, because the minister can see that the house is showing much interest in this subject and there is bound to be a good deal of discussion on questions of policy.

Mr. Stewart (Winnipeg North): Will the minister give the committee some more

information about this last clause in the resolution:

To provide also for the payment, out of moneys appropriated by parliament, of the costs of transportation of divers categories of persons from Canada in certain cases.

Whom do you have in mind?

Mr. Harris (Grey-Bruce): We have in mind a situation of this kind. Persons have come to Canada in good health and have subsequently become ill and subject to deportation. In the meantime they have married Canadians, and often have had a family born here. When it becomes necessary to deport them, there is no law that permits the deportation of the Canadian wife or the Canadian-born children; yet it would be the desire of the wife and children to go with the male parent to the country of origin. The provision here is to permit the government of Canada to share the expense of that so the family will not be separated.

Mr. Croll: Did I understand the minister to say he is going to ask the house to give him greater powers of deportation, not only relating to the immigrant but perhaps to the Canadian-born child?

Mr. Harris (Grey-Bruce): No, Mr. Chairman, I thought I made it clear that this is only in case it is the desire of all concerned that they should go. There is no additional power, but there is power to expend money in assisting them to go.

Mr. Noseworthy: I read some time ago that the Toronto welfare council had asked the minister or his department to revoke the regulation which calls for the deportation of immigrants who become indigent. Can the minister tell us whether it has been the practice of the government to deport immigrants who have become indigent in Canada and, if so, how many of them have been deported on that ground?

Mr. Harris (Grey-Bruce): I cannot give the number who have been deported, but there have been some. Usually, however, there are other circumstances which make it abundantly clear that there is no possibility of rehabilitation here.

Mr. Stewart (Winnipeg North): What sort of individual has the minister in mind when he speaks of one who becomes ill here and who has to be deported because of that sickness? Would the minister care to develop that point, to give some idea as to the sort of person who would be deported?

Mr. Harris (Grey-Bruce): Persons who are in mental institutions and persons who are in jail are subject to deportation for those reasons.

[Mr. Stewart (Winnipeg North).]

Mr. Stewart (Winnipeg North): I thought the minister was talking about a physical sickness.

Mr. Macdonnell (Greenwood): Does the Department of National Health and Welfare or the Department of Citizenship and Immigration look after the health and welfare services required by immigrants?

Mr. Harris (Grey-Bruce): It depends upon what is required. We have settlement officers who are responsible for reporting cases where assistance is required. They get in touch with the municipal authorities, and these people may then become entitled to help under the agreement with the provincial governments to which reference has already been made. It all depends upon the nature of the problem to be solved.

Mr. Noseworthy: Is it not true that the threat of being deported as indigents hangs over the heads of many immigrants to this country and prevents their appealing for help to some of our organized welfare groups?

Mr. Harris (Grey-Bruce): That may be the case; but there are a number of immigrants who do appeal to us for assistance and who, on occasion, have received it. If the hon. member is prepared to wait I could give him the figures respecting those who have come to our notice by reason of their being indigent. I believe he would find that while in many cases orders for deportation are made, we postpone the execution of those orders for a considerable time to give further opportunity to find employment.

Mr. Adamson: While I realize it is dangerous to particularize about one case, I have in mind an immigrant who came here, developed tuberculosis and was hospitalized. The minister will perhaps recall that the case was brought to his attention. This man had been getting along well in this country, but apparently he had a lesion which became active with the result that he was hospitalized in one of the sanatoria in Ontario on a temporary basis. Because he had developed tuberculosis the order for deportation was issued. An appeal was lodged against the order, and I gather that temporarily the appeal was rejected. The medical officer of health in the township in which the immigrant was residing appealed to me on his behalf, with the result that the stay of deportation was granted.

That happens to be one case. but it seems to me unfair that when an immigrant has been given a clean bill of health by our immigration service overseas, and subsequently in this country develops tuberculosis, an order for deportation should be mandatory. In the case to which I have referred stay

of deportation was granted. It seems to me, however, that a man with a lesion or an incipient tubercular condition might wish to withhold that information or in every way possible conceal his condition, because if it were discovered that he had tuberculosis deportation would be mandatory. Of course if bad faith can be proven; if it can be shown that in order to get to Canada an immigrant has lied about his condition, that is an entirely different matter. But if the immigrant has come to this country in good faith believing that he has a clean bill of health, and when here develops tuberculosis, it seems unfair that the order of deportation should be mandatory, irrespective of how he may have been getting along in this country. Would the minister care to comment?

Mr. Harris (Grey-Bruce): Only to this extent, that under the act at present such procedure is mandatory. One purpose in having a committee on the bill would be to canvass those problems. If it is felt that the particular set of circumstances described should be an exception to the rule, then if the hon. member is a member of the committee I am sure he would offer an amendment to the bill to see that such a provision is inserted. He has raised a point affecting the whole medical profession, all the provincial governments and all others who feel strongly on the subject of the health of immigrants. I would prefer that the details be examined in committee, where we can get the best information as to what should be done in the circumstances.

Mr. Adamson: That is satisfactory to me. I should not like anything I have said to be considered to mean that I would recommend in any way the lowering of the health standards of people entering this country. I am sure these people should be checked, and it is possible that the standards should be more severe. There are cases, however, where tuberculosis develops after entry to Canada and the mandatory provision seems unfair in those circumstances.

Mr. Green: About three weeks ago a dispatch from London appeared in the Vancouver *Province*, stating:

> United Kingdom emigration to Canada has been drastically reduced and the future Canadian immigration picture is confused, apparently as a result of policy changes in Ottawa.
>
> British people planning to go to Canada on their own have recently been unable to get the medical cards required by immigrants from immigration offices in London.
>
> Provincial offices are awaiting clarification of the regulations but are now operating on the understanding that only persons in certain technical categories with definite employment assured and domestic and agricultural workers can proceed to Canada. As there are few domestics and farm helpers emigrating from Britain, the new move means a grave reduction.

Then it goes on to include a statement by W. A. McAdam, agent-general for British Columbia in London, a man of the highest standing who has served in that capacity with great efficiency for many years.

Referring to the general situation, Mr. McAdam is quoted as follows:

> It is very serious. I would not care to comment further until regulations are made clear.

The article continues:

> He said his office had notified some persons planning to go to B.C. soon to await clarification of the new Canadian regulations rather than carry on with arrangements leaving present employment and booking passage to leave Britain.

I wonder if the minister could comment on that press dispatch. It seems to indicate a very bad situation in the United Kingdom, and it is dated only May 15, just a little over two weeks ago.

Mr. Harris (Grey-Bruce): There is no difficulty in the United Kingdom about coming to Canada. That dispatch is based upon instructions which were sent to the offices of the department in the United Kingdom along with a new list of persons who would not have assured employment if they came to Canada. When the textile people were here in the wintertime they complained about immigration, and also about the unemployment in that industry. We gave them assurance that we would inform our offices that there was this unemployment in Canada, and that we could not assure textile workers employment for the time being at least. A list of that kind was forwarded, along with a further list of the trades to which we would give the benefit of the assisted passage. Any misunderstanding which has arisen, and I doubt if there really has been any, might have arisen through the smaller group of trades to which assisted passage would be made available. There is no restriction whatever on migration from the United Kingdom to Canada and there has been no change in the regulation.

Perhaps I should mention one further instruction which was given, that in the offices in the United Kingdom preference would be given in processing to persons in the groups I have mentioned. I want to assure my hon. friend that the only difficulties that could have arisen would be through our advising our officers as to the trades which at the moment are not as open for employment as they were a year ago.

Mr. Green: Would it be fair to sum up the situation in this way: While there is no restriction on immigration from the United Kingdom, the three steps which have been

taken in effect will slow down immigration from the United Kingdom. In the first place, a list has been given to all Canadian immigration offices in the United Kingdom of the occupations for which there are not as many openings in Canada. Second, a new and reduced list has been sent to the United Kingdom of occupations for which assistance for passage will be given.

Mr. Harris (Grey-Bruce): And to all other countries.

Mr. Green: Third, in the processing of applications for migration to Canada preference is given to those who will be taking up jobs in which there are more opportunities for employment in Canada.

Mr. Harris (Grey-Bruce): I think my hon. friend has summed up the situation, but he has come to the wrong conclusion. There is no evidence that immigration from the United Kingdom is slowing up. On the contrary, as I have said already, it is continuing at a greater rate than last year and has been continuing at that rate since the date of that article.

Mr. Green: Of course immigration from the United Kingdom last year was comparatively small.

Mr. Harris (Grey-Bruce): It was 32,000.

Mr. Green: There can be no doubt that the policies mentioned by the minister have been adopted for the purpose of preventing migration to Canada of certain groups.

Mr. Harris (Grey-Bruce): That is not so. As my hon. friend knows, and may I respectfully say he has not been fair enough to the committee to state, the law admits any British subjects who can show the immigration department that he has reasonable means to maintain himself, whether or not he is coming to assured employment. My hon. friend knows that, and the statement he has just made was unfair to the committee. No effort is being made to restrict immigration from the United Kingdom. Every effort has been made to avoid the criticism which has been made from the opposite side of the house that we are not telling the people in some of our offices of the conditions in Canada.

Mr. Green: There is no question of anybody trying to be unfair to the committee. Certainly the results of the policy the minister has announced will be to prevent people coming to Canada from the United Kingdom who might otherwise have come.

Mr. Harris (Grey-Bruce): You could only draw that conclusion after seeing the results.

[Mr. Green.]

Mr. Green: I draw that conclusion and I think that is the conclusion which will be drawn by most people in Canada who take the trouble to examine the statement made by the minister.

The resolution deals first with the making of loans to immigrants. Will the minister explain what changes are being made in the policy of making loans? Are there to be increased loans made? Is there to be provision for the payment of new types of expenses? Are more people to be covered than have been covered previously?

Mr. Harris (Grey-Bruce): When I introduced the resolution I stated that there was to be no change. We are giving statutory authority for the expenditure of money which up to this time has been covered only by estimates. The section of the bill, which I hope my hon. friend will see in the morning, merely states that the minister will have authority to use the revolving fund in the same manner that it is now being used. Admittedly regulations will be made from time to time covering the groups of persons who may have the benefit of this. The committee would expect that these groups would change from time to time, having regard to the immigration requirements of Canada.

Mr. Green: Is the plan that there will simply be provision made for a fund?

Mr. Harris (Grey-Bruce): A revolving fund.

Mr. Green: A revolving fund from which payments will be made by order in council or by ministerial regulation?

Mr. Harris (Grey-Bruce): Yes. In the case of groups who can qualify for the loan, transportation will be paid as determined by order in council from time to time, as has been the case in the past several months.

Mr. Green: Will the amount to be paid also be determined by order in council?

Mr. Harris (Grey-Bruce): At the present time the amount paid is the total cost of transportation less $30; but in some cases the $30 is not asked for, depending on the circumstances. There is an additional amount provided for those going west of Winnipeg to cover the additional cost of transportation.

Mr. Green: Approximately how many loans are outstanding at the present time?

Mr. Harris (Grey-Bruce): You mean owing to the government?

Mr. Green: Yes.

Mr. Harris (Grey-Bruce): When the assisted passage scheme came to an end last October we had approved about 17,000 warrants, of which, as I said, about 15,000 had been

used by persons who had come forward. I believe the assisted passage loan was only approved by the house in March, on the last day of the fiscal year. We have been processing them since, but I doubt whether there have been too many granted in the meantime.

Mr. Green: The minister means this year?

Mr. Harris (Grey-Bruce): Yes, this year. Loans were suspended from October until the supplementary estimates were passed about the last week of March. Since that time we have been granting loans for this year, but I am sorry I have not the figures. I will give them to my hon. friend.

Mr. Green: Approximately how much is outstanding on the loans which were made under the earlier scheme?

Mr. Harris (Grey-Bruce): Up to October when the suspension took place the amount loaned was approximately $3 million. I do not recall the amount collected. I gave these figures on the supplementary estimates but I have not them here. I shall be glad to supply them.

Mr. Green: Has the government any objective with respect to the number of immigrants to come to Canada during the present calendar year?

Mr. Harris (Grey-Bruce): We have no objective except what we consider to be the absorptive capacity at the moment.

Mr. Green: What is that?

Mr. Harris (Grey-Bruce): It will not be as great as it was last year, when we admitted 194,000. I would hope that if I mention a figure we will not start a lengthy debate on it, but I know the figure will be down to somewhere between 100,000 and 150,000 for this year.

Mr. Green: That is for the calendar year 1952?

Mr. Harris (Grey-Bruce): The calendar year.

Mr. Macdonnell (Greenwood): Can the minister say what is the financial attitude of the British government with respect to immigrants?

Mr. Harris (Grey-Bruce): There was a debate at Westminster some weeks ago in which the government restated its position. It was not prepared to advance any larger sums of money to persons desiring to go to dollar countries. I might add that in the course of that debate there was some criticism of our assisted passage scheme in that it was stated that it would work out that we would get the best type of immigrant without taking the average. But that is another matter. I should add that I understand the United Kingdom has restricted to some extent the expenditure they are making on migration to Australia and New Zealand, but in so far as dollars for immigrants to come to Canada are concerned there is no change from the position as it was a year ago last summer.

Mr. Macdonnell (Greenwood): I am not sure that I understood what the minister said about the British government feeling that we were going to get the best immigrants by reason of the inducements offered. I had thought that the Australian inducements were higher. Am I wrong?

Mr. Harris (Grey-Bruce): The financial inducements to go to Australia and New Zealand are greater in that an immigrant can get a considerable portion of his passage paid by the Australian government and to some extent receive a contribution from the United Kingdom government, but perhaps my statement was not as clear as it should have been. As I understood the debate, there was some slight criticism that because we lent money to selected groups of highly desirable persons to enable them to come to Canada we were to that extent getting the most desirable persons. The suggestion was that we were not taking persons of the older or much younger age groups but were in fact taking the highly skilled and highly desirable persons and affording them facilities to come here.

Mr. Green: Can this plan be used to help an industry to migrate to Canada? Suppose there is a secondary industry in Great Britain which would be willing to move to Canada together with its technicians. What I am referring to is the establishing of a new industry in Canada. Can this loan plan be used in any way to further migration of that type?

Mr. Harris (Grey-Bruce): I presume the hon. member is referring to our assisted passage loans.

Mr. Green: Yes.

Mr. Harris (Grey-Bruce): The assisted passage loan was designed to attract and assist in the bringing here of persons urgently needed in Canadian industry or on Canadian farms. It was not intended as a means to assist the movement of a whole industry as such. I doubt if we could extend it to that, certainly not under the present authority of the estimates, but if my hon. friend thinks we should give consideration to it I should be glad to do so.

Mr. Green: Has any consideration been given by the department to a plan of that type? I should think it would be the type

of plan that would not interfere at all with employment in Canada but rather might bring about an increase in employment for Canadians at home.

Mr. Harris (Grey-Bruce): The amount of money that would be involved of course would be quite substantial. The cost of each loan we have made so far is about $200, and if my hon. friend contemplates even a small industry with a number of persons, and moving it out here completely equipped, we would be running into substantial sums. However, at the same time there is no reason why it should not be done in spite of that if it is in the interests of the Canadian economy. There are obvious difficulties which we have considered. In the first place the company in the United Kingdom would have certain capital assets which it would want to convert. They are immediately faced then with the difficulty of getting their money to Canada, and so far as I know they have been unable to overcome these difficulties. It may appear desirable, but at the moment I would think it was not possible.

Resolution reported, read the second time and concurred in.

Mr. Harris (Grey-Bruce) thereupon moved for leave to introduce Bill No. 305, respecting immigration.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, I wonder if there is time to move an amendment in committee to the bill sponsored by the Minister of National Revenue. It is to change the date from the 14th March to the 16th.

Mr. Fleming: Could we not have that at eight o'clock? There was another point involved.

Mr. Fournier (Hull): We have the other resolution on which we thought there would be quite a debate.

Mr. Fleming: May I remind the minister that there is another question involved in the codicil to the tax convention.

Mr. Fournier (Hull): It would be nice if we could get this amendment through at eight o'clock because it would give the right date. I should like to do that if there is no objection.

TAX AGREEMENTS

AMENDMENT OF CANADA-FRANCE INCOME TAX CONVENTION ACT, 1951

The house resumed consideration in committee of Bill No. 289, to amend the Canada-France Income Tax Convention Act, 1951—Mr. McCann—Mr. Beaudoin in the chair.

[Mr. Green.]

On section 1—*Codicil approved.*

Mr. McCann: Mr. Chairman, in our previous discussion there were two points at issue. One had to do with the date of the agreement. It has now been definitely established that it is the 16th of March. I shall have one of my colleagues so move.

The other point at issue was the interpretation or meaning of the wording "settled" in contracts. I am informed that "settled" is a translation of the French word "conclu", and that that was the interpretation the external affairs people put on it. I might state, as a further explanation, that in article II both the French and English text of the present codicil are equally valid.

Mr. Harris (Grey-Bruce): Mr. Chairman, I move:

That the words March 14, where they appear in the schedule, be corrected to read March 16.

Amendment agreed to.

Mr. Fleming: I do not want to be unduly persistent about the use of the word "settled". There is some help, of course, in the French version from which the minister has quoted and which, if I may say so, is quite clear as to its meaning. There could not be any doubt as to the significance of the French word "conclu". But with respect for whoever was responsible for the use of the word "settled" in the English version, Mr. Chairman, I do urge that that is a most inept word to use in this connection. We do not speak about settling contracts. In one sense we speak about arriving at or entering into a contract so as to give rise to legal obligations. In the other sense we speak about the fulfilment of contracts in terms of the conclusion or satisfactory performance of the obligations imposed by a contract. To use the word "settled" in a situation of this kind it seems to me is most inept. I wish it could be improved.

Mr. Macdonnell (Greenwood): I wish to associate myself with what my colleague has said. I fully agree.

Mr. Fournier (Hull): But it is a treaty.

Mr. Fleming: I realize it is a treaty, and that it is not as simple a matter to amend it as it would be to amend the terms of our own legislation. I think we may be satisfied that we are deriving some help from the French version, because in the English version it is not clear. We do not usually employ the word "settled" in the conclusion of a contract. We should employ a better word.

Mr. McCann: If we do not accept the word "settled" and put in another word, then the treaty would have to go back for ratification.

The French have used the word "conclu" and I am told that the correct translation of that word is "settled".

Mr. Macdonnell (Greenwood): Is the minister certain that we would have to refer the change of a word in our English version back to the other contracting party? Is the minister certain of that?

Mr. McCann: I believe the difficulty is explained and overcome by the fact that article II says the French and English texts of the present codicil are equally valid.

Section agreed to.

Section 2 agreed to.

Schedule as amended agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

COMBINES INVESTIGATION ACT

TO PROVIDE FOR ADMINISTRATION—ESTABLISHMENT OF RESTRICTIVE TRADE PRACTICES COMMISSION, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Combines Investigation Act to provide for the administration of the act, under the Minister of Justice, by an officer to be known as the director of investigation and research, for inquiries to be made by the director, and for the appointment of such director, deputy directors of investigation and research, and such other persons as may be required; to provide also for the establishment of a commission to be known as the restrictive trade practices commission consisting of not more than three members appointed by the governor in council, for the appointment of temporary substitute members upon such terms and conditions as the governor in council may prescribe; and to provide further for the salaries, remuneration and expenses of the director, the commissioners, the officers, clerks, employees, temporary technical and special assistants.

Mr. Fleming: Mr. Speaker, I presume the minister is going to make a statement now.

Mr. Garson: Having regard to the fact that the purpose of this motion is to get into committee, I thought it would be more satisfactory for all concerned if the motion might be put, that as soon as we got into committee I might then make my statement, which would lead into questions and a general discussion.

Mr. Fleming: Based on our experience this afternoon with a similar resolution, and elsewhere also, may I suggest to the minister that I think time will be saved in the end if he makes his statement now, in the house.

Mr. Garson: The proposed legislation arises out of the report of the MacQuarrie committee and is intended to give, in large measure, legislative form to the recommendations made in that report. You will remember, sir, that this committee was appointed in June of 1950 to study the Canadian combines legislation and recommend what amendments, if any, should be made in order to make it a more effective instrument for the encouraging and safeguarding of our free economy. The MacQuarrie committee made its final report last March, and that report was tabled during the present session.

The conclusions of the MacQuarrie committee may be fairly summarized briefly as follows:

1. The committee affirmed the principles of the present legislation.

2. It recommended that the two functions of investigation and report, which are at present joined in the commissioners, should be separated. This recommendation involves no diminution of the powers of the combines commission. It relates, rather, to internal organization.

3. The report recommends certain additional measures for the strengthening of the combines legislation.

I am sure it is unnecessary for me at this stage to review the history of the MacQuarrie committee but, out of deference to the persons who composed it and to the, as I think, splendid work which they accomplished, I wish again at this time to mention their names. The chairman was Mr. Justice J. H. MacQuarrie of the supreme court of Nova Scotia, and the other members of the committee were Dr. W. A. Mackintosh, who is now principal of Queen's university; G. F. Curtis, dean of the faculty of law of the university of British Columbia, and Maurice Lamontagne, now director of the department of economics of Laval university.

Speaking generally, the proposals are directed toward an important internal reorganization of the present combines investigation commission and to strengthening the legislation and the commission in a number of important respects.

Although we have become accustomed to speaking about the combines investigation commission, there is in fact no such entity and the word "commission" is mentioned nowhere in our combines legislation. There is only one commissioner in whom all the

powers conferred by the legislation are now centred. All the other officers who have functions under the act are completely subordinate to him and under his direction.

This system has obvious advantages and it has obvious disadvantages. The MacQuarrie committee came to the conclusion that, on the whole, the disadvantages outweigh the advantages. They expressed the opinion that the union of functions to which I refer is a basic weakness of the legislation, being neither right in principle nor sound administratively. Its effect, by imposing disparate duties upon the commissioner, is to place him in an equivocal position. In saying this I am paraphrasing certain parts of the report because I do not think the case can be put better than the MacQuarrie committee has put it.

In the first place, the commissioner determines the over-all policy that governs the operation of the commission. Having regard to the work which the commission can accomplish, he selects those parts of the economy and those industries that are to be the subject of investigation. This obviously is a function which calls for the exercise of initiative and drive. In other words, in respect of those functions the commissioner may not be passive; he must be active. He has a definite job to perform.

While recognizing the competence with which we have been served to date in the administration of the combines legislation, the MacQuarrie committee went on to point out that the person now responsible for making reports has been and must necessarily be closely involved in both the initiation and conduct of the investigation. However impartial he may be in reaching his conclusions, his prior association with the investigation work itself provides a basis for possible criticism. As the committee put it so succinctly, in the case of a single commissioner, he is given the compromising appearance of being "at one and the same time prosecutor and judge", and no matter how fully his assessment of a situation may be justified by results, its value is lessened by the inconsistency of his position. These reports which go out to the public have important and serious consequences for the persons with whom they deal. It is important, therefore, not only that the reports be fair, unbiased and impartial—and I am satisfied that they have always been that—but it is equally important that everyone who reads the reports be absolutely convinced that this is the case.

The way to make sure of this is to provide—as we now propose to do, following the MacQuarrie committee recommendations—that the authors of the report will have no responsibility other than that of simply interpreting the facts.

Incidental to the foregoing, the committee goes on to remark that the separation of the two functions of investigation and appraisal would effect a logical, efficient and economical division of work. In this respect the commissioner informs me that, having regard to the number of matters now pending in the commission, the preparation of reports, in itself, adds up to the time of at least three persons corresponding to the three members of the board which the MacQuarrie committee is recommending.

The report of the MacQuarrie committee lays great stress on the important position which would be occupied by the board which has been recommended. The committee pointed to the great advantage which results from drawing on the knowledge and judgment of a group of competent persons in appraising the complex problems involved in restrictive trade practices. While the committee recommended that the board as a whole would prepare a report, it was also recommended that there be power of delegation with respect to hearings and other administrative proceedings so that the different members of the board could be engaged in different inquiries prior to the report stage. In this way the full value of the combined judgment of the board would be brought to bear with respect to appraisal and the framing of recommendations but, at the same time, the division of duties among members of the board will provide for more expeditious handling of the inquiries which may be in progress.

The need for undertaking research projects and other general studies bearing upon monopoly and combines problems afforded, in the opinion of the committee, an additional reason why there should be a division of the work.

So much for internal organization.

In addition to the matter of internal organization, it is proposed to strengthen the legislation and its administration in the following important respects.

1, provision of a new remedy whereby, while an offence is in the incipent stage, the court can order it to be discontinued; and whereby the court, in addition to the penalty imposed in a prosecution, can order a situation which has been created in contravention of the act to be dissolved.

2, provision to remove the present ceilings upon fines.

3, provision to extend the powers of investigation to enable the administration to investigate not only offences that have been

committed, but also the development of situations which may be expected to give rise to offences in the future.

4, provision to permit a court before whom any person is convicted of a combines offence to require such person to make continuing returns relating to his business.

5, provision for amendment of section 498A of the Criminal Code. In this respect paragraph (a) of subsection 1 relating to discriminatory discounts now applies to a single transaction. This may have the effect of preventing a vendor from lowering his price to meet the price of a competitor even where such a step is necessary in order to retain the business involved. As amended, the paragraph will be directed against the practice of discrimination. This, I would submit, is what the section was really aimed at in the beginning and it is hoped that with this change the section, which has seen little use, will be more practical and will serve the original intention behind it.

In this statement I have not exhausted the changes which the proposed legislation will make, but I have, I think, gone as fully into them as I should do at this stage.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, my comments on the statement by the minister will be brief. I do not think the statement he has made calls for extensive discussion in the house, and I know that many hon. members desire to put questions to the minister in committee. I shall therefore content myself with several brief observations and no more.

The minister has paid some tribute to the MacQuarrie committee. I am sure that all hon. members recognize the importance of the service which has been rendered by the members of this committee, and appreciate the sense of public duty and public service which animated the authors of the report.

Last autumn, in the course of discussion in this house on an interim report of this committee, I had occasion to make some comment upon the work of the committee and to express regret at that time that the committee had committed itself to a particular remedy, not having yet surveyed the entire field referred to it. I also suggested in one of the committees of the houses, which was studying the same subject, that I thought the MacQuarrie committee could have been strengthened had there been someone on that committee who had experience in direct merchandising. The practical experience of such a person I think would have been of very great value and assistance to the committee in seeking to arrive at comprehensive recommendations in the light of problems that have arisen in the course of administration of this important legislation. But while I retain the opinion I then expressed, Mr. Speaker, I naturally join with the minister and others in expressing tribute to the sense of public duty which has animated the authors of this report.

In the second place, sir, as the minister has indicated, we are largely concerned in the present discussion with means of improving the machinery for investigating combines or incipient combines in this country. There can be no question, Mr. Speaker, that we must always be on the alert for means of improving the machinery provided by legislation for this purpose. I do not care how suitable the machinery may be on paper, the drive behind the legislation is always going to be more important than mere questions of machinery. Nevertheless, sir, in its report the MacQuarrie committee has put its finger on a place where the present machinery does naturally give rise to some question as to whether it is the most efficient that can be devised for the purpose.

The problem of the union of diverse functions in the present commissioner is one that I am sure has added not a little to the complexity of the duties of the commissioner, and has probably led to not a little difficulty or delay in carrying out the terms of the legislation. It is important, as the minister has said, that the commissioner should not be put in an equivocal position, and it seems to me that in its report the committee has placed its finger on a situation where at least superficially the case they have made out for a change is strong.

The minister has also very properly said that on the reporting side of the functions of the present commissioner it is so important that the reports should be fair and impartial. I do not withdraw anything that I have said on any previous occasion about the importance of publicity; and I trust that, in keeping with the recommendations of the MacQuarrie committee, this new legislation will not subtract one whit from the requirements of the present legislation in regard to publication of reports. The minister nods, indicating that the legislation will not tamper with that important provision of the present legislation. But the requirements of the act, in reference to the publication of reports, do serve to emphasize, Mr. Speaker, the vital importance of fairness and impartiality in these reports, and the division of functions that is now proposed into the investigation and research agency on the one hand and the board on the other will serve, I think, to relieve the present situation where, as has been said, the commissioner might find himself in a sense in the position of being both prosecutor and judge.

I am not going to make any extended comment upon the observations made by the minister in regard to changes of substance in the present law. There will be a better opportunity, I take it, to review those changes when the bill has been placed before hon. members.

There is one feature that may perhaps be deserving of comment, Mr. Speaker. It is the recommendation at page 63 of the report that research should be carried on in the field of monopolistic situations. I find there, under the heading "General recommendations" this interesting recommendation:

1. That research in the field of monopolistic situations and practices should become one of the most important assignments of the investigation and research agency.

Without spending too long on that recommendation, it does occur to me that the division of functions now proposed will make possible a work of research which has not, I fancy, been possible hitherto.

Finally I think what has happened since last December with respect to a particular aspect of the field covered by this legislation is not unworthy of comment. Last December there were proposals and pleas on the part of the official opposition that the amendments then offered to the house should not be hurried into enactment. We urged that time should be given for adequate consideration and review. Nevertheless the government was adamant, and insisted that those amendments should be enacted into law before the prorogation of the session. It will be recalled that we were here engaged on that task until December 29. We urged at that time that the situation sought to be dealt with by the legislation was not so urgent that it could not await more study and consideration. And now we find that after those amendments have been in effect for five months, there has not been one prosecution. There is only one inquiry afoot, and there has been nothing to report as to what has been done under that legislation.

It seems to me this completely explodes that sense of great urgency which the government sought to create last December, and which had the effect at that time of denying that legislation the adequate consideration a matter of that importance should have warranted, particularly when it involved the denial of a hearing to many important organizations who had what they considered to be representations of value to place before the committee of the house charged with the responsibility of reviewing the proposed legislation, and the alleged need of it.

I trust that in approaching this question and the whole field now covered by the final report of the MacQuarrie committee there will be adequate opportunity of weighing all the proposals, and that we will not be rushed into enacting legislation, as we were on that occasion, without proper and adequate consideration.

There is one purpose which we of the official opposition will have directly in view in studying the legislation which is to follow the introduction of this resolution; that is that none of the safeguards provided by the present legislation in respect of access to the courts should be denied. We will scrutinize this legislation carefully, to make sure that nothing by way of right of access to the courts is denied to anyone who may be said to be within the scope of the legislation.

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, for a number of years we in the C.C.F. have been asking for more effective legislation to prevent combines, cartels and monopolies in restraint of trade. I have not seen the legislation the minister proposes to introduce into the house, but from what he has told us I should think it would be an improvement on what we have had in the past. That is all to the good; we welcome legislation which will make action against combines more effective. We welcome legislation which will make penalties against combines more effective because, to say the least, in the past some of the penalties have been footling in their nature. What I would like to see is combines legislation with teeth in it; not false teeth, or teeth which can be disposed of. But pending the time the legislation comes down, I shall not say anything about that.

I would like to bring to the minister's attention the case of an industry about which I reminded him last October. When we reach the committee stage I should like to learn from him how the new legislation will affect a situation such as I shall describe. I am going to place on record tonight figures which I maintain make a prima facie case that there is a combine in the electrical industry.

How it can be proved in terms of the law, I do not know. But if the law cannot use my figures to punish those who I believe are breaking it, then to my mind the law is an ass. The figures I shall use were tabled in the Manitoba legislature on March 20 of this year on motion of Mr. Swailes. He asked for the tenders that had been solicited by the Manitoba power commission during the calendar years 1950 and 1951 for electrical transmission line cable, transmission line insulators in various voltages, and insulated copper wire for distribution systems. He asked that the names of the firms submitting tenders be given to him, and also the prices

quoted. And at this time I am going to give the answer tabled by the provincial government. The similarity in the figures is much more than startling.

For instance, there is a tender for 210,000 pounds of 2/0 ACSR which, I understand, is transmission line cable. There was a figure of $32.02 per unit quoted by Northern Electric; $32.02 quoted by Canada Wire and Cable; $32.02 by Aluminum Company; $32.02 by Automatic Electric; $32.02 by Mackay Morton; $32.02 by Federal Wire and Cable. All these companies were quoting down to the very last cent the same amount for this large quantity of transmission line cable.

Then in the return figures are given for another tender involving 195,000 pounds of No. 1 ACSR, for which Northern Electric quoted $32.51; Canada Wire and Cable quoted $32.51; Aluminum Company quoted $32.51; Automatic Electric quoted $32.51; Mackay Morton quoted $32.51 and Federal Wire and Cable quoted $32.51.

This goes far beyond coincidence. Among these companies it has become a habit. Not only is it a habit in connection with transmission line cables, because we see a similar situation when we look at the figures for insulated copper wire. I see in this return a tender for 202,000 pounds of No. 8 solid wire, and I see that Northern Electric quoted $48.38; Canada Wire and Cable quoted $48.38; Automatic Electric quoted $48.38; Mackay Morton quoted $48.38; Federal Wire and Cable quoted $48.38 and Canadian General Electric quoted $48.38. These figures I give prove my statement in at least a prima facie manner that there is a combine in this industry.

Then let us take the tender for 251,000 pounds of No. 6 solid wire. In this instance Northern Electric quoted $48.02, and Canada Wire and Cable, Automatic Electric, Mackay Morton, Federal Wire and Cable and Canadian General Electric all quoted $48.02—precisely the same amount.

There was a tender for 43,600 pounds of No. 4 solid wire, and again all these companies quoted precisely the same amount of $46.90.

Another instance, this time a tender for 1,500 pounds of No. 2 solid wire, discloses that all these companies quoted exactly the same amount of $46.49, and that for No. 1 solid wire all the companies quoted the same amount, namely $46.86. I have heard the argument put up. "Well, after all, is it not possible that what happens is that one company will change its prices and other companies, in order to keep in a competitive position, immediately change their price lists accordingly". That is a nice argument, but it is specious when one considers that the changes are the same, whether prices go up or whether they come down. There must be some sort of second sight in the electrical industry in this country because instantaneously across the length and breadth of the industry prices are changed simultaneously. What about transmission line cable? Here is an order for 300,000 pounds of No. 2—

Mr. Deputy Speaker: Does the hon. member think that in discussing the advisability of adopting this resolution he is quite in order when he goes into the details of certain facts which he thinks prove that there might be a combine in this or that industry? I do not want to restrict the discussion in any way, but I have been listening to the hon. member for some time and apparently he is trying to prove that in one industry there is a combine and that there should be an investigation in another. I think if he reflects upon what he is saying he will agree that when we are discussing the advisability of adopting this resolution which contemplates a change in the act he should not go into the merits or demerits of an investigation or attempt to prove that an investigation should be made in other fields. I should like to hear his comments.

Mr. Stewart (Winnipeg North): I know that my facts are all true. The minister had told us that it is the hope of the government to make the legislation more effective. This matter has been before the government for some time and apparently they have not been able to act.

Mr. Garson: On a question of privilege, apparently a press statement which was made by me on May 1, 1952, has not come to the attention of my hon. friend, and that is why he is making this speech tonight. The fact of the matter is that on May 1, 1952 I announced the appointment of H. Carl Goldenberg, Q.C., of Montreal as special commissioner under the Combines Investigation Act to conduct an investigation with the view of determining whether a combine exists in connection with the manufacture, distribution and sale of electrical wire and cable and related products. I indicated then that extensive inquiries over a considerable period already had been made by the combines investigation commission and that considerable documentary evidence had been obtained through such inquiries. The appointment of Mr. Goldenberg would carry the investigation forward to the stage where hearings would be held. It was expected

that Mr. Goldenberg would conduct private hearings in the near future in several cities in eastern Canada.

My hon. friend knows perfectly well that he raised this matter before in the house when he referred to certain observations which had been made to me by members of the city council of Winnipeg. My file on this goes back to quite early in 1951 and it has been active continuously since that time. When my hon. friend gets up and says we have done nothing about the matter he is far from the facts. This matter is now under active investigation under the present Combines Investigation Act, which it is the purpose of this resolution to supplement. Apart from being out of order, the hon. member through oversight or inadvertence is not stating facts.

Mr. Stewart (Winnipeg North): I may be out of order, but there is no question of privilege. If, as the minister says, this matter has been referred to Mr. Goldenberg I shall be happy to resume my seat and give Mr. Goldenberg some information which he may find somewhat useful.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, there are just a couple of comments which I think should be made in addition to those made by the hon. member for Eglinton (Mr. Fleming) and the hon. member for Winnipeg North (Mr. Stewart). Before embarking upon my general remarks, one thing took place today about which I should like to make some observation and also suggest to the minister that he has somewhat overlooked the proper rights and interests of members of parliament in connection with this important subject, and I am referring to members on the government side as well as on this side of the house.

This afternoon the minister tabled two copies of the report on the investigation into an alleged combine in the manufacture, distribution and sale of rubber products. When questioned as to whether this would be available for distribution to hon. members, the minister said that it was a bulky document—it certainly is, running to 710 pages—and that copies had been duplicated and made available to all members of the press gallery. But I point out that there are no copies available for all the members of this house.

I think it is proper to draw to the attention of the minister the fact that members of this house should not be overlooked when reports of this kind are tabled in compliance with the terms of a statute and dealing with matters in which hon. members have great interest. We find that although at least 50 copies were mimeographed so as to be available to members of the press gallery, no steps were taken to run off a sufficient number to make them available to members of the house. If the minister does not feel that members of the house are more interested and more entitled to these copies than members of the press gallery, perhaps he will feel that we should run at least next in priority and that when he was making 50 copies he might have run off an extra 250 or 260 copies so that members of the house would have it available, particularly when a discussion of this very matter was to take place by way of a resolution and bill to be introduced into the House of Commons.

In making a few general observations on the subject matter of the resolution I wish first to support what has been said by the hon. member for Eglinton as to the general position of this party with respect to the subject. I wish to make some general observations without at the present time going into any details. I think it essential in considering legislation dealing with combines, monopolies and restrictive trade practices that specific attention should be devoted to the question of whether or not there should be a review of public policy. I do not retract or depart from previous expressions of mine and expressions of principle which have been made in this house as to the dangers—and they are real dangers—and potential evils of combines, monopolies and other such things.

There has been a conflict in policy for many years. It was the late President Theodore Roosevelt who initiated the anti-trust legislation in the United States which dealt with the whole subject of the preservation of small businesses and the danger of trusts and combines getting control of the economy of the country. Nevertheless it was recognized even then, as was said at the time, that the mere fact of bigness is not of itself an offence. I think we must be careful in all our legislation to see to it that the position should never arise where a person or firm, which acts fairly, honestly and openly, which never artificially depresses wages or artificially increases prices, and which acts throughout in accordance with the public interest, might be guilty of a technical offence against our legislation. I think we have to be careful that we do not go that far in this country. I therefore suggest to the minister by way of observation that perhaps there should be more emphasis, either in the title of the legislation or in the title of the commission to be set up, on the question of fairness because it seems to me that what the

legislation should be directed against in the main is practices which are unfair to competitors, to the consumer and to the wage earner.

I for one should like to see somewhat more emphasis placed on the question of whether the practices complained of are, in the particular case, adverse to the public interest. Having said that, I think it is probably not appropriate at this time with Your Honour in the chair to make any detailed comments upon the recommendations of the MacQuarrie committee other than to say that, like the hon. member for Eglinton (Mr. Fleming), I am very glad indeed to see that the recommendations contain a specific clause recommending the preservation of the provision with regard to the publication of the reports. It seems to me that if the legislation follows out the recommendations of the committee and separates the functions of initial investigation from the functions of the board with respect to a general review of whether or not there has been an offence, then with the board reporting on that aspect of the matter some of the objection to immediate publication which has previously existed is now removed.

That being the case, I am thoroughly in accord with the recommendation that the time for publication of the board's reports be the same as in the present act. Like the hon. member for Eglinton, and perhaps because he and I took some considerable part in the discussion of the legislation last fall arising out of the interim report of the MacQuarrie committee dealing with the practice of resale price maintenance, I should also like to refer to one consideration in that regard. You will remember, Mr. Speaker, that it was frequently and earnestly requested by the official opposition that there should be the fullest opportunity, both in the special committee which was set up and in the discussion in the house, for a full inquiry into this whole field before we rushed into legislation the enactment of which the government had recommended.

We were told there was no necessity for any such inquiry. In particular we said that before the legislation dealing with resale price maintenance was enacted there should be an opportunity for investigation into the danger, which might arise as a result of that legislation, of a resumption of the loss leader practice, and that at the same time as the legislation dealing with resale price maintenance, legislation should be introduced to safeguard merchants, particularly the independent retailer, against the evils of loss leadering. You will recall, sir, that after various threats of closure and various comments that sufficient time had been taken, although up to that point there had only been two and a half days of discussion in the house, after both our friends to the left as well as the government had sought devices to curtail discussion in the house, the legislation did become law just after Christmas. It is interesting in that regard to find that the MacQuarrie committee, upon whose interim report that legislation was based, now makes a recommendation on this matter to be found on page 64 of their report which has been tabled in the house. It is recommendation No. 3 under the heading "general", and reads as follows:

> That the "loss leader" practice should be referred by the minister for thorough study by the proposed agency and board with a view to determining its prevalence and its effects and to recommending to the minister suitable amendment, if necessary, of the act.

That is exactly what we asked to be done last fall. This recommendation of the MacQuarrie committee fully justifies the stand we took last December in the house and at the hearings of the special committee appointed to consider the interim report. That is particularly so when you bear in mind the fact that, as the minister told the house a few days ago, there has been only one investigation and no prosecutions as a result of the legislation passed last fall to which at the time, according to the government propaganda, such importance was attached, and which was designed to curtail so many and such vicious practices.

When you realize that its results have been practically nil, and then find that the MacQuarrie committee now says a study should be made of the loss leader practice, then I think it becomes perfectly clear that the artificial haste with which last fall's legislation was passed was entirely uncalled for, and that the representations of the official opposition with respect to the interests and the position of the independent retailer, and the dangers from which he might suffer as a result of the loss leader practice, were well founded. I hope that opportunities to consider this legislation, important as I recognize it to be, will not be curtailed in the same manner as were opportunities for the consideration of the legislation last fall.

Before Your Honour leaves the chair I would ask the minister to say whether it is intended to refer this legislation to a special committee or one of the standing committees of the house. I should imagine there is probably no standing committee in existence under our rules which is designed to cope with such legislation, and that therefore it might be desirable to refer it to a special committee. I do not imagine this subject will be as controversial as the one last fall,

and I would therefore hope that the study by the committee might be more valuable and, shall I say, more impartial. I feel that considerable advantage to the government, the house and the country might follow from a not time-consuming but thorough study of this legislation by a committee set up for the purpose. I would appreciate it if the minister would say a word on that subject before Your Honour leaves the chair.

Mr. Garson: On a point of order, if I speak now I will close the debate.

Mr. Fulton: The minister can deal with it when he does close the debate.

Mr. Speaker: I might point out that on this motion the debate is not closed. The minister has the privilege of speaking only once.

Mrs. Ellen L. Fairclough (Hamilton West): I am not at all sure that I understood the minister's reference to section 498A of the Criminal Code. As I understand the situation, while the amendment proposed would continue to prohibit the practice of discriminatory discounts, it would not prohibit a manufacturer from making one discriminatory discount in one specific case. In other words, I understood him to say that a firm could indulge in a single instance so long as there was no established practice of discriminatory discounts. If that is what the minister meant, then I submit that is the most discriminatory type of all. The idea of permitting one instance of such discount to any commercial organization which places that organization in a preferred trading position over its competitors is, to my mind, the most discriminatory of all. If that is the effect of the amendment which is to be made, then this section should certainly be reviewed. It should certainly never be written into the law.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

Mr. Garson: Mr. Chairman, I think perhaps I should answer one or two of the questions which the rules of the house prevented me from answering when the Speaker was in the chair. The only request for the privilege of making representations before the committee was that received from the Canadian Manufacturers Association. I am informed that that body would prefer to make representations before the banking and commerce committee of the Senate. The thought was that we might deal with the bill on second reading in the house, and then refer it to the committee of the whole. Then when the bill went to the Senate it might go before the banking and commerce committee of that body. Representations might be made there by any of those who would be interested in making them.

With regard to the matter that was raised by the hon. member for Hamilton West, might I suggest that I referred to the particular point she has referred to in order to make as full a disclosure as possible of the contents of the bill that will follow the passage of this resolution. I believe she will agree that it is difficult to discuss intelligently the provisions of a clause of a bill until we have the printed bill before us. If she could bear with the matter until we have the printed bill distributed, I think we could have quite a full discussion of her point in discussing the clause of the bill which provides for a certain change in section 498A of the Criminal Code.

There is only one other point which I believe I should deal with at this time, and that is the matter of the distribution of copies of the report to the members of the house. I must say that I am in a somewhat embarrassing position, not having sufficient copies of this report to distribute. If the hon. member for Kamloops has had, as I see he has, a chance of reading the report or at least thumbing through it, he will see there are over 700 pages of single-spaced typewriting. It is quite a task to receive a report of that sort, digest it to the point where a press release could be prepared, and prepare the necessary copies in volume to distribute to the members within the statutory period which is provided in the act. We shall be able, I believe within the course of the next twenty-four or forty-eight hours, to provide each of the groups in this house with a substantial number of copies. I do not think we shall have sufficient for every member of the house to have one, but enough to supply all those who would be interested in reading it. We hope to have that shortly, as I indicated in my remarks earlier.

Mr. Fulton: I appreciate what the minister has just said about the difficulty of running off a large number of copies of a closely typewritten report, so I am not going to persist in this matter. I do point out, though, that I have looked at the report and noticed that the copies are mimeographed. While there is some physical labour involved, it seems to me, from my very lengthy acquaintance with the mimeograph machine, that it is just a matter of turning the handle the requisite number of times to run off the requisite number of copies. We country lawyers are not always able to have the up-to-date electrical machines, but I am told that the machine to which I am referring is old-fashioned, and the minister's department would no doubt have

the up-to-date electrical type whereby the labour would be substantially reduced.

I should like to ask the minister some questions about the nature of the proposed legislation. These questions arise out of the summary of the recommendations of the MacQuarrie committee, starting at page 60 of that report. I ask him at this stage because I should like to make some suggestions as to things which I think should be embodied in the legislation if that has not already been done. I first turn to page 60 and refer to that passage where it is stated in subparagraph (ii) of subsection 3 of section 2 that the recommendations of the research agency should be presented to the board, that is the administrative board. My hope is, if that is carried into legislation, that it will not be confined to presenting the results to the board, but that it will also present the results to the minister. In other words I think at that stage, when the investigation research agency has made a study and is making the report, that report should not go only to the board but also to the minister.

I make that suggestion for a reason which I think was very cogently put by the member for Eglinton. In legislation of this type, it is not only a matter of having machinery of adequate design; it is a matter of the drive behind the administration when abuses are suspected and are being investigated. While I realize the necessity for some privacy before the publication of the report, which is now preserved as a result of a division of the two functions, nevertheless I do think that even at that stage the report should be available to the minister; not only available because he could get it upon request, but that it should be presented to him as a matter of course, so he could immediately give it the necessary amount of drive for whatever further steps were considered necessary. I feel that the same thing applies, and for the same reason with respect to heading (iv) under this paragraph we are now considering, "To present the results of its studies to the board." I think that report should not be confined to the board but should also be presented to the minister. Is the minister able to say whether the legislation will embrace only the presentation of these reports to the board?

Mr. Garson: Mr. Chairman, I really think we are going to waste a great deal of time and create misunderstandings if we attempt to discuss the details of the bill without having the bill before us. I welcome my hon. friend's suggestions, but I do not think any attempt should be made tonight to discuss them now. The mere perusal of the bill will clear up many of these questions that we can now discuss only in an atmosphere of complete obscurity. If I make any references to the bill, I cannot produce the text and my hon. friend cannot see it. This really is not the purpose of the resolution. The resolution is only to get authority to introduce a bill. What he is now trying to do is discuss the detail of the bill.

There is one general principle, however, which arises from the point my hon. friend has made, namely that where you divide up the two functions of investigation upon the one hand and adjudication upon the other, which are now discharged by the commissioner himself, it would seem, prima facie at least, that there should not be intervention by any other person or official between the discharge of those two functions, because the purpose of the investigation is to gather together a body of evidence upon the basis of which adjudication is to be made. After the investigation is completed under this proposed new method the evidence goes before the board; and the board, on the basis of that evidence, adjudicates. What my hon. friend is suggesting—and I hope he will correct me if I am wrong—is that this evidence, instead of being submitted to the board who will properly exercise quasi-judicial functions with respect to it, is to be turned over to the minister. For what purpose, might I ask my hon. friend? For interim arrangements of some sort before there is an adjudication of any kind? Or what has my hon. friend in mind?

Mr. Fulton: The minister has not stated my proposal quite accurately. I would put it this way. In addition to being turned over to the board for the purpose he has described, I suggest that it should be turned over to the minister, not to the minister instead of to the board but to the minister as well as the board. I feel that the minister should be made fully aware of what is going on at every stage, not only in a general way but in a particular way. I think he should know in exact detail just what is taking place and just what stage every one of these investigations has reached. It is for that reason that I feel the reports under both these headings should reach him at the same time they reach the board, so he will be in a position to call up, in whatever time he thinks is reasonable, and say "With reference to this report, how are you making out? How are you doing? What do you think of it?" instead of perhaps having it drawn to his attention only when the board has reached some conclusion or when he hears of it accidentally. It is just that sort of thing my suggestion is designed to accomplish. I think the minister

ought to be informed in detail at each and every stage so that the necessary drive can be given to these things throughout.

I appreciate the point that perhaps it is not advisable to get into a detailed question and answer discussion without having the bill before us. I had hoped the minister could indicate, in general, whether or not these suggestions were or were not embodied in the proposed legislation but I will not press that point. I want to continue, however, to make a certain recommendation.

Mr. Garson: May I ask my hon. friend a question in order to get clear in my mind just what he is driving at. My hon. friend says the minister should exercise drive in this matter. Should he drive the board to reach a conclusion, or to reach a conclusion of guilt or a conclusion of innocence? Does the hon. member think the minister should do that?

Mr. Fulton: I do not know whether the minister is trying to lead me into a trap but I will give him the benefit of the doubt and say that he is not. Of course I do not mean either of those things. But obviously there are going to be certain cases where the first report discloses a matter which is not of great seriousness. Under my suggestion the minister would be presented with that report at the same time as the board is presented with it; and I would assume that in that case the minister would say "This is not such a pressing matter", and he would not interest himself in it greatly. But it might be that another report would disclose on the face of it abuses of an extremely serious nature. In that sort of case I would expect the minister to say to the board: "Look; I want you to give this matter your immediate attention, over and above everything else."

I am not saying he should suggest to them what their conclusion or their recommendation should be; but here is a case in which the minister—with his knowledge of affairs as they go on and with the responsibility he has to the government, to the house and to the nation to check abuses—I think might perfectly properly say: "To me this case looks like a more serious matter than the other one. I want you to give this your most urgent attention." Unless he gets these reports as soon as they are prepared and delivered to the board, it seems to me he will not be in a position at all to exercise that sort of drive. I do not think the minister really thought I was suggesting that he should indicate what the conclusion would be. I have suggested nothing of that sort at all.

The Chairman: May I suggest that perhaps we are anticipating a discussion which could more properly take place in committee on the bill, or perhaps at some other stage such as the committee on banking and commerce. The resolution stage is one at which members can make suggestions. This resolution provides for only five things, namely for the appointment of a director who would take over the administration and the making of inquiries; for the appointment of a deputy director and other persons; for the establishment of a commission to be known as the restrictive trade practices commission; for the appointment of temporary substitute members; and for the salaries, remuneration and expenses of these persons.

Mr. Fulton: Mr. Chairman, I think I agree or concur, if I may say so, in your point. I have indicated to the minister that I did so, and that I did not intend to pursue further questions and answers on the details of the proposed legislation. But since the resolution is based on the recommendations of the MacQuarrie committee I should like to deal just briefly with two—I think it is two—of their other recommendations which one would assume the legislation would in some form or other carry into effect.

I refer to page 63, where we find the heading "Tariff, patent and other remedial action". I am sorry the minister has not the same page number as that given in the copy I have. It is under heading "B. Remedies". It is the third remedy, namely "Tariff, patent and other remedial action". I think perhaps it would be sufficient for me to say that the committee recommends that the use of the tariff and patent clauses of the act should be given special consideration in cases presented before the board, and makes other similar recommendations.

What I wanted to know from the minister, not in any detail but simply in general, is whether that recommendation itself is being carried into the legislation to be based on this report. It seems to me to be an exceedingly important recommendation. I think there are large numbers of Canadians who feel that, behind the shelter of the tariff, there are certain abuses in respect of keeping up prices unnecessarily on the part of those industries which no longer need tariffs as protection in the sense that they are infant industries, but which now find the tariff a convenient method of keeping prices up, whereas there may be others in even the same field who need the tariff as protection in the sense that they are infant industries. Is there any means, by legislation or otherwise, of preventing companies from keeping up prices behind tariff protection which they do not need and to an extent which is harmful to the consumer?

The Chairman: I can well understand the anxiety of the hon. member as to the contents of the bill; but unless unanimous consent is given to the discussion of details such as those now being discussed, I cannot permit a reply by the minister. Citation 439 of Beauchesne's third edition is specific on the point. It says:

> The object of the resolution recommended by the crown is to give the house a first opportunity to discuss the advisability of making a certain expenditure. The details of the projected measure are not then disclosed and debate is confined to the resolution which should not be lengthy, although care must be taken that the terms used are sufficiently wide to cover the whole of the bill which will be subsequently introduced.

It seems to me that the place for the hon. member to carry on the discussion which he now is anticipating is after this resolution passes and the bill is introduced.

Mr. Fulton: If you, sir, rule that this discussion is out of order I shall submit without further attempt to carry it on, but I am a little surprised at your ruling, if I may say so, because I am not asking to discuss specific provisions of the bill. My intention was to suggest things that should be in the legislation, and to do it at this stage for the reason that we all know it is so difficult to get amendments to legislation, for obvious reasons, after it has been introduced. It was for that purpose that I thought it might be useful to have a preliminary discussion on the report and the recommendations which we understand are being carried into law. Perhaps I have said enough on the subject to indicate to the minister that I feel the legislation should contain provision to carry those recommendations into effect. In view of your ruling, sir, I will rest it there.

The Chairman: I must point out to the hon. member that whatever he thinks should be contained in the bill would be welcome in this discussion, but when it comes to the minister offering replies, I think it would be difficult for him to do so unless he disclosed the details of the bill. If he does reply, how can I prevent another hon. member discussing the reply he has given? We would then be into a debate which would be out of order. Citation 439 is clear on that point.

If the hon. member wants to carry on with suggestions as to what he thinks should be in the bill, he may do so.

Mr. Fulton: I am through for the time being.

Mr. Stuart (Charlotte): I should like to say a few words in support of this resolution. I wish to say at the outset that I am pleased to see that the stand taken by some of those who sat in the committee last fall has been greatly modified. Perhaps conditions since that time have convinced them that the combines committee that sat last fall did a fine job. I am firmly convinced in my own mind that it did. Today if you look at the price tags on household appliances and compare them with the price tags of six months ago, you will find there is quite a difference. I remember that in the statement I made in the house last session I compared the prices of automobile tires in the United States and in Canada, tires manufactured by the same company. They were about $19 in the United States and about $37.50 in Canada.

The Chairman: Order. Perhaps the hon. member was not here when I interrupted the hon. member for Winnipeg North. The same ruling I made with respect to the hon. member for Winnipeg North applies to the hon. member for Charlotte, which was that one should not go into the field of industry to show where combines might or might not have existed, and the remedies which might be applied to whatever situation may exist in Canada at the moment. This resolution calls for the appointment of a director to take over the administration of the act. If there is something the hon. member would like to discuss he will have an opportunity to do so when the bill comes before the house.

Mr. Stuart (Charlotte): I bow to your ruling, but I start off again on another course. I well remember that in the committee suggestions were made that the small businessman in this country would be completely put out of business when this legislation went into effect. Well, we have had a few months to view the situation. I find that the same small businessman who was in business last December is carrying on today. I feel that the legislation before the house should be supported by every hon. member because we are all convinced that combines are not for the benefit of the general public.

At this time I should like to put on the record, if I may, an editorial that appeared in the *Christian Science Monitor* of Tuesday, May 13, which is not very long ago, under the heading: "It's still price-fixing", and which reads:

> However thin one slices it, the so-called fair trade bill sausage now turned over to the Senate for sampling is still price-fixing.

The Chairman: Order. I am sorry to interrupt the hon. member again, but he will understand that if I let him discuss the bills and the proceedings of the committee last year, we shall enter into a debate which will be completely extraneous to this resolution, and that I cannot allow. Shall the resolution carry?

Mr. Quelch: Is it the intention to enact legislation to embody the main recommendations contained in the report, or merely to deal with the separation of the functions of investigation and research?

Mr. Garson: As I indicated in my remarks, we intend to embody not only the separation of the functions but the greater part of the main recommendations of the report. I listed those in my remarks. I could go over them again, if my hon. friend wishes, but I am sure he heard them the first time.

Mr. Applewhaite: I have one question that I think is sufficiently general for the minister to be permitted to reply. Will the amendment proposed to the Combines Investigation Act have the result of making any changes in the definition of an offence or what is a restrictive trade practice?

Mr. Garson: That is to say—

The Chairman: Order. That is anticipating another debate. If the minister replies yes, he discloses a detail of the bill; if he replies no, and the hon. member wants to argue the point and other hon. members want to do likewise, then we shall get into a debate on a question which is of no concern to us at the moment.

Resolution reported, read the second time and concurred in.

Mr. Garson thereupon moved for leave to introduce Bill No. 306, to amend the Combines Investigation Act and the Criminal Code.

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF RESOURCES AND DEVELOPMENT

National parks branch—

375. Branch administration, $23,545.

Mr. Adamson: Is this the first item?

The Chairman: At the last sitting of the committee of supply we had a discussion on this item. We had a discussion on national parks. There are still a few items connected with national parks; they go from 375 to 380. The first is a vote of $23,545 for branch administration.

Mr. Adamson: I do not wish to delay the passage of this item, but there are one or two comments I should like to make about the national parks, particularly the mountain national park in the Rockies. We have in the Rockies some of the finest terrain in the world, not only for climbing in the summer but for skiing or ski-mountaineering in the winter. The one defect or problem in regard to the parks at the moment is their inaccessibility.

There has been a general theory that the parks should be maintained in their natural state, a theory to which no one can take serious exception. Yet it is very little good having a vast territory maintained in its natural state if it is inaccessible. The vastnesses of Tibet and the mountains behind the Karakoram may be very beautiful and may have wonderful scenic possibilities; but if they are inaccessible they are of little use to mankind.

The same applies to our national parks. The criticism has been made that if we render the national parks more accessible—that is, those of the national parks more than five hundred yards from a motor highway or a line of railway—the natural beauty of those parks will have been destroyed. To this I take grave objection. I believe that today we are passing from the economy of the horse to the economy of the motor vehicle. Obviously we cannot build roads into national parks through mountains without extremely heavy expense. But if those roads were built we would possibly open up the parks only on a comparatively limited scale. There are a number of places where roads must be built. The valley of the Ten Peaks is an example where a beautiful road has been built. Then there is the Banff-Jasper highway, the road into Little Yoho, the road up to the Emerald lakes, as well as many others which do open up beautiful terrain for the benefit of the tourist.

But they open up only a postage-stamp sized area of the great national heritage which is ours. Today, with the tremendous costs of a pack train, and the great expense of equipping a horse transport into areas of our national parks—and I am referring to Yoho and Jasper parks on both sides of the continental divide, as well as Banff national park—except to a few fortunate persons who may be members of organizations such as the Alpine club, we are precluding the vast proportion of our people from seeing the parks at all.

I suggest to the minister that today the best access to the parks is by air. If small airstrips could be built at different places in our great wilderness, it would be advantageous in the matter of viewing our parks. The Canadian Pacific Railway likes to advertise them as fifty Switzerlands in one. Well, they may be fifty Switzerlands, but fifty Switzerlands will do one no good unless he can see them. And they will do Canadians no good, or our visitors from elsewhere in the world, unless they can be seen.

Therefore I should like to see some method by which the most remote parts of the parks may be visited by people of moderate means. The only way those people may reach the remote places is by air. It may sound strange, but to equip the very smallest pack train for two people today would cost in the neighbourhood of $100 a day, and to go any considerable distance it would cost a great deal more than that. Without the assistance of a guide—and they are very scarce—there is the impossibility of travelling far from the beaten track.

If we are to develop our great heritage I suggest the department should encourage the construction of airstrips in the national parks, so that people of moderate means could reach them and see what there is to see. The criticism has been made that this would open the parks to undesirable types of travellers, and that it might deplete the lakes which at present are teeming with some of the finest game fish in the world. Attention has been called to the fire hazard, and there has been the objection that to facilitate air travel in the parks might damage the wildlife.

If these airstrips are made available, then at the same time they are made available to game wardens and park wardens to an even greater extent than to any person who might have predatory instincts. The policing of the parks would be much simpler than at the present time, when the wardens have to trek in many miles and for many hours to see whether someone has hurt himself or has brought in illicit weapons to hunt in the park. With airstrips placed throughout the parks firefighting would be made much easier. Any careless individual can start a fire, but it takes an organization to put it out. With airstrips we would be able to get over the mountains and your machinery for fighting fire would be greatly enhanced.

I suggest that the government seriously consider the construction of airstrips throughout the parks as a means of developing this great heritage. It would be infinitely cheaper than highway construction and would provide easier access than would be possible by foot or on horseback. If the record of flying in the Rocky mountains up to date is any criterion, it would be much safer.

I really love these national parks and I have travelled more than 2,000 miles through them by ski and on foot. We have a heritage which is unique in all the world. It is infinitely superior, it is wilder and more rugged than the parks in the United States, although their individual mountains may be higher. We should take steps to see that these parks are made available to people of moderate means. We have these wildernesses but they do not do anyone any good.

The tourist comes to the big hotel to play golf, to look at a fashion show or to attend a convention. Many of them are willing to pay $20 a day to stop at one of these large hotels run by the railroads. But such a person knows nothing of the real beauty of our national parks, and he will not until facilities are made available for him to learn something about them. We are still operating these parks more or less as closed areas.

To me commercialism is anathema. I hate to see commercial signposts, and would be willing to do anything to prevent any type of commercialism because I know many objectionable things have happened already; but this heritage should be made available to Canadians and to visitors at reasonable rates. I suggest that the construction of airstrips provides the easiest and best way of making our national parks more completely available.

Mr. Bryce: Mr. Chairman, I want to come back to what I was saying on Thursday evening when you advised me to wait until this item was before the committee. I was referring to the damage done in our national parks by wild animals. The farmers in these different districts have suffered tremendous damage from deer and elk. The provincial governments say they have nothing to do with it, and I am afraid the dominion government will say the same thing. The farmers are left holding the bag.

If there is going to be a conference in the near future between the dominion and provincial governments I think this is something worth while to discuss, to see what can be done. If the dominion or provincial governments cannot feed these elk and deer I do not think they should expect the poor farmer to feed them. The number of animals in the reserve should be cut down.

I do not want to repeat what I said on Thursday night when I was advised to wait for this item. I have a petition here signed by 55 people who have had their crops ruined. They were not even allowed to shoot these animals when they came near their crops. This has been an exceptionally bad year in my province because half the crop was not threshed until this spring. These poor fellows had no crop at all to thresh. I should like to quote from an article in the Winnipeg *Tribune* as follows:

> Settlers in outlying areas of Swan river valley should receive some compensation for the loss that resulted from deer and elk eating and trampling crops. The attitude of the provincial government in evading all responsibility in this connection is neither impressive nor fair.

The fact is that the crops of many settlers were totally destroyed. The majority of these new farmers were dependent on the spring harvest to pay their winter's bills and finance this year's program.

The case for the settlers is a convincing one. Deer are the property of the province, and under provincial law the farmer cannot shoot the animals to protect his crop. He had to sit idly by this winter and see the fruits of a year's work being destroyed by game.

I do not want to labour the point, but I think a solution could be found if the matter were taken up by the dominion and provincial representatives when they next meet. An effort should be made to control these marauding deer and elk in Manitoba.

Mr. Quelch: Mr. Chairman, I have a great deal of sympathy with the hon. member for Selkirk, but out on the prairies we have a different problem. They have an organization known as Ducks Unlimited. This may be a fine thing for the man with a shotgun but it is not so good for the farmer who is trying to raise crops. I have seen hundreds of acres of crops destroyed in a few days when thousands of ducks have come in.

I do not think there is a finer playground in the world than our national parks in Alberta, whether it be Jasper, Waterton Lakes or some of the others. I have spent a good deal of time fishing in the rivers and lakes of the national parks. I have always found good fishing around Jasper and Waterton Lakes, but apparently the fishing around Banff is exceptionally poor. I have heard some caustic remarks made by United States people about the fishing in the vicinity of Banff. I realize that this applies to the lakes and rivers that can be reached by motorcar and that if you travel far enough from the highway you will find good fishing. Is the same work in restocking the lakes and rivers being done around Banff as apparently is being done at Jasper and Waterton Lakes?

Mr. Winters: The quick answer to that is yes.

Mr. Brooks: I want to ask the minister a few questions with reference to Fundy national park in New Brunswick. I agree with the statement of the hon. member for York West regarding what a splendid boon our parks are. We are very proud of Fundy national park. The scenery there compares more than favourably with any park in Canada. The great difficulty is to get to the park. The roads leading to the national park are very poor with the result that very few people, particularly tourists, are taking advantage of it. This is a new park, the last one to be opened in Canada. That may be one reason for the condition of the roads; but it has now been open for two or three years and I know that United States tourists who hope to go to Fundy national park drive a few miles over a dusty road and then turn back.

I should like to ask the minister if the federal government is doing anything to urge the provincial government to improve the roads. I know it is not the responsibility of the federal government to build roads outside the park; and I commend the minister for the building of some splendid roads in the park. As soon as one strikes the park limits one has very good wheeling. I should like to ask the minister whether there is any agreement with the provincial government for the construction of roads. If there is not, I would ask the federal government to take up that matter with the provincial government to see if something cannot be done. The hon. member for York West spoke about airstrips in national parks. That will be the only way to get into ours if something is not done about the roads.

I should also like to refer to the matter of conservation. I am rather surprised that two hon. members should suggest that there is too much wildlife in the national parks. We are very pleased that the wildlife is increasing in Fundy park in New Brunswick. As a matter of fact it is one of the finest moose areas in our province. We are hoping the moose will increase. For some years we have had a game law in New Brunswick prohibiting the killing of moose, but there is a parasite that is perhaps killing more moose than are killed by hunters. It has occurred to me that possibly the government might experiment in this national park in some way to see if they cannot preserve the moose. I fear the day may come in our province as well as in other provinces when the moose will be much like the caribou. They will be a thing of the past. I should like to have the minister's comment on these matters. First of all I should like to know whether any effort is being made to urge the provincial government to provide better roads leading to our national park in New Brunswick, and I should also like the minister to deal with the conservation of wildlife in national parks.

Mr. Winters: Perhaps I should deal first with the matter of Fundy park, and then answer some of the other questions raised. I was very pleased to hear the hon. member's remarks about Fundy national park. I take quite a personal interest in it, having had the privilege of participating in the opening. I also had the pleasure of visiting it last year, at which time I drove in from the west and left it toward the east. I found the roads in both directions to be quite good. As my hon. friend has said, the road in the park is

now paved and it is a first class road. There have been some informal discussions with officials of the provincial government about the roads leading to the park, but as my hon. friend intimated there is no way we can bring pressure upon them or tell them what to do with respect to their highways. However, I am sure they realize the value of the asset to them and have in mind the importance of providing good opportunities to enter the park.

With respect to the problem in Riding Mountain national park, once the animals get outside the limits of the park they are free game and come under the laws and regulations of provincial governments. Our wildlife officers have been keeping in close touch with the situation in Riding Mountain national park. There have been discussions with the officials of the Manitoba government about the subject, and in fact there will be discussions again this year. Permits can be obtained from the provincial government to shoot animals, and I am sure the provincial government officials will be most co-operative in that respect. Surveys were carried out in the park in March, 1952 by our chief mammalogist, and it was indicated then that the population of elk was about 4,560, a decrease of some 3·6 per cent from the estimated population for 1951. The provincial game administration reported that 1,355 elk were killed outside the park during last year's season by hunters whose licences have been returned. Only 70 per cent of the licences have been returned so far so the probable total killed would be about 2,000 elk to date.

Mr. Fraser: I should like to ask a couple of questions with respect to the details on page 435. There are a few new items this year. There is one for plumbers, an amount of $19,750, and another item of $13,000 for shovel operators which is also new. Can the minister say whether the plumbers are permanent—

The Chairman: Order. These details refer to items 377 and 378. We are now on item 375.

Mr. Fraser: I thought we had reached those items.

The Chairman: Not yet, because the hon. member for York South wanted to speak about parks.

Item agreed to.

National parks and historic sites services—

376. Administration, operation and maintenance, $3,646,974.

The Chairman: Items 376 and 377 have to do with historic sites.

Mr. Charlton: On several occasions I have mentioned Chiefswood, the house which was the birthplace of Pauline Johnson, the famous poetess. I think it deserves some consideration and recognition from the historic sites and monuments board. I understood the minister to say the other night that the board is now meeting.

Mr. Winters: That is right.

Mr. Charlton: I wonder if the minister would not think it just that the residence of Pauline Johnson should receive some consideration. We are very proud of it in Brant county. I know the Indian people are very proud of it. They feel it is worthy of some recognition. It is now owned by the Six Nations council. It was left to them by the estate to be used as an old people's home. With very little money it could be renovated and made into a nice tourist attraction, a place where the craft work of the Indians could be sold to tourists. It would be a wonderful spot to show some of the handicrafts of the Indian people. I ask the minister to consider the matter again. Perhaps the board might see fit to make a grant toward the maintenance of Chiefswood.

Mr. Winters: I informed the committee on Thursday that the national historic sites and monuments board was then sitting. It has now concluded its sittings, but its report has not yet been prepared. I understand that at least on one occasion they have discussed the site the hon. member has brought up here, but at the moment I do not have the report of the national historic sites and monuments board on it.

Mr. Dinsdale: When this matter was last discussed in the house I asked certain questions about the peace garden grant, and also about the increased rates for tourist campers. I wonder if the minister is going to comment on those.

Mr. Winters: I shall be very glad to do that, Mr. Chairman. With respect to the peace garden, I must say that I believe it typifies, as well as anything with which I have had to do, the fact that economies make a good topic for popular discussion but when they are reduced to a particular item they are very unpopular indeed. Perhaps I should tell hon. members something of the background of the international peace garden, and then leave it to them and to the people of Canada generally to judge whether or not they would wish to contribute an additional $15,000 to this project this year in the light of the level of taxation prevailing to meet the demands and requirements upon the government.

The establishment of the international peace garden at Turtle Mountain was largely

the outcome of a convention of the national association of gardeners held at Toronto in the summer of 1929. Delegates from all parts of Canada to that convention agreed that it would be an excellent idea to have an international peace garden astride the Canadian-United States border, as near to the centre of the North American continent as possible, this undertaking to symbolize the friendship, long and unbroken, existing between Canada and the United States; and that such a development on the boundary would be a meeting place of legionnaires of both countries and various international societies.

Following various organizational meetings held in both countries a potential garden area of 2,340 acres was established in 1932, 888 acres in the state of North Dakota and 1,452 acres in Manitoba. This latter area was donated by the Manitoba government, being formerly part of the Turtle Mountain forest reserve. The formal dedication ceremony took place on July 14, 1942, before a group of 50,000 people who bore witness to the solemn pledge of two nations who would continue forever the peace which has existed between them for more than a century. A cairn about eight feet high, built of native stone gathered from both sides of the boundary and bearing a plaque with the inscription "To God and His glory we two nations dedicate this garden and pledge ourselves that as long as men shall live we shall not take up arms against one another" was unveiled on that occasion.

The original idea for financing this project put forward by the first board of directors was to raise approximately $5 million over a twenty-year period through weekly contributions by school children and adults scattered over the whole country, but the depression of the thirties resulted in this plan being abandoned.

The federal government, through the Department of Mines and Resources, has assisted financially in the development of the Canadian section of the peace garden by means of funds provided under the following votes: Vote 459, supplementary estimates 1936-37, $12,000; Vote 315, supplementary estimates 1937-38, $10,000; Vote 537, supplementary estimates 1938-39, $10,000; Vote 518, supplementary estimates 1939-40, $10,000; Vote 520, supplementary estimates 1939-40, $10,000. The additional vote for 1939-40 was to be devoted entirely to forestry conservation and reforestation under the provincial government. The grant was discontinued in 1940 and the reasons expressed by Mr. Crerar at the time were as follows:

That in view of the war, and the consequent heavy financial burden which this country is called upon to bear in connection with our preparedness, it was considered that the department would not be warranted in asking for further funds.

The grant was resumed in 1949 and continued to 1951-52 inclusive with the following amounts being provided: Vote 221, main estimates 1949-50, $15,000; Vote 369, main estimates 1950-51, $15,000; Vote 388, main estimates 1951-52, $15,000. That makes a total contribution to date on the part of the federal government to this project of $97,000. In addition the federal government has helped with materials, such as logs, nursery stock and of course advice from our officials in the national parks branch.

After an item for $15,000 had been included in the estimates for 1951-52 for the international peace graden, I wrote the president of the peace garden and informed him that I was extremely doubtful as to what further contributions he could expect in future years. This letter was written bearing in mind the international situation. When the estimates for 1952-53 were under consideration I could not recommend the inclusion of funds for the international peace garden in view of Canada's heavy commitments for defence and the resulting necessity for the federal government to curtail expenditures.

Moreover, the federal government is presently responsible for the operation of a very beautiful national park in Manitoba, the Riding Mountain national park, covering an area of 1,148 square miles. Over the years this park has required the expenditure of considerable public funds, and I presume it will continue to do so. For example, last year a total of $504,538 was spent on maintenance, operation, and construction; this year a further amount of $825,251 is being requested for these purposes.

There are also two national historic sites and parks maintained by the taxpayers of Canada. They are Fort Prince of Wales historic park at Churchill and Lower Fort Garry historic site, outside Winnipeg. When one considers these investments in national parks and, in addition, the $97,000 the federal government has already contributed toward the international peace garden, I am sure the taxpayers of Canada will conclude that the province of Manitoba is not being overlooked in this respect.

The hon. member also asked about the fees to campers in parks, and at the same time asked whether or not those parks were self-supporting or if the fees were raised as a means of making them self-supporting. I can inform the committee that last year the total expenditure on national parks in Canada was $6,357,576.59, and the total revenue was $933,498.20. It will be seen, therefore, that

there is quite a deficit of about $5·5 million on park operations.

Mr. Brooks: While the minister is at that, could he give us the revenue by parks?

Mr. Winters: Yes, I have it here, Mr. Chairman. I shall give the figures in even thousands. They are as follows:

Banff	$341,000
Cape Breton	6,000
Elk Island	136,000
Fundy	14,000
Georgian Bay	257
Glacier	671
Jasper	93,000
Kootenay	73,000
Mount Revelstoke	148
Point Pelee	15,000
Prince Albert	57,000
Prince Edward Island	9,000
Riding Mountain	116,000
St. Lawrence islands	200
Waterton lakes	38,000
Yoho	28,000

The hon. member for Brandon also asked about camping rates, and mentioned that anyone who leased a property, that is someone who had a house built on a property, was in a better position financially than a camper who leased his property by the day, by the week or on a short-term basis. He mentioned that, in the first instance, the property holder paid only about $40 for the year. But I should point out that the facts of the case are that, as to the camper, he is provided with a considerable number of facilities: the use of central cooking facilities equipped with wood stoves and electric lights; the use of tables and benches on which to eat; free garbage collection; free central water and sewer facilities and free fuel; whereas with respect to the man who rents a lot and builds a cottage on it, he must build his own cottage and provide his own fuel, light and other incidental expenses. In addition, he has to bid successfully on a lot before he can build a cottage. The average bid accepted on lots at Riding Mountain park is about $75. In addition the following average annual payments have to be made: lot rental, $11; water charges, $5; garbage disposal, $3 or an additional total of $19. Therefore I think the camper who pays the fee on a daily or weekly basis gets full value for his money and is farther ahead, as far as expenses go, than the man who has a permanent cottage on a lot which he rents annually.

The Chairman: The question asked by the hon. member for Peterborough West is now in order.

Mr. Fraser: Yes, Mr. Chairman. I should like to ask the minister about these plumbers. Are they on the permanent list now? If so, why? What work do they do under this new item?

Mr. Winters: These plumbers are not new in the estimates. This is just a different way of showing them this year. Last year they were shown as temporaries and casuals, in another category, whereas this year they have been rearranged and shown in another part of the estimates. There has been no substantial change in the item.

Mr. Fraser: As to sailmakers, tractor operators and shovel operators, are they in the same category?

Mr. Winters: The same thing applies to them.

Mr. Fraser: What do you use a sailmaker there for?

Mr. Langlois (Gaspe): To make sails.

Mr. Winters: He makes tarpaulins, mends tents and does a variety of other miscellaneous things.

Mr. Fraser: It is just repair work?

Mr. Winters: That is right.

Mr. Dinsdale: Mr. Chairman, I wish to thank the minister for his detailed reply to my question. Just before the item passes, there is one further point I should like to make with regard to the peace garden.

The Chairman: Order. I am just wondering how far the hon. member can go with regard to the peace garden. There is no item in the estimates for the peace garden. In the general discussion he made his plea, and the minister has replied. How much longer can we carry on the discussion of an item which is not before the committee and will not be before it for the reason which has been given, namely that the vote has been excluded?

Mr. White (Middlesex East): I was interested in what the minister had to say with regard to the income from the park at Point Pelee. Can he give the committee the cost to the government of that park?

Mr. Winters: Yes. The total expenditure at Point Pelee last year was $48,128.38.

Item agreed to.

Engineering and water resources branch—

385. To provide for studies and surveys of the Red river basin in Canada, including Assiniboine and Pembina rivers, $255,553.

Mr. Bryce: Can the minister tell us a little bit about what is being done with regard to the Red river?

Mr. Winters: Mr. Chairman, a full reply to the hon. member's question would be quite long, but I should be glad to send him a full reply.

Mr. Bryce: That will be all right. That will save time. That is in connection with the flooding?

Mr. Winters: It is with regard to the Red river flooding investigations which are being carried on by this division.

Mr. Bryce: I should be pleased to have a copy from the minister in order to save him from having to read it.

Mr. Winters: I should be glad to send a copy to the hon. member.

Mr. Bryce: Thank you.

The Chairman: Shall the item carry?

Some hon. Members: Carried.

Mr. Macdonnell (Greenwood): Just a minute. Are we to have nothing at all said on this item? It seems to me it is a most important matter. Can the minister not indicate just briefly what is being done, without necessarily reading a full report?

Mr. Winters: The committee will recall that this is a study of the conditions surrounding the flooding of greater Winnipeg and studies undertaken to determine what, if any, measures can be taken to reduce the hazard of flooding there in the future.

Mr. Macdonnell (Greenwood): Are they joint studies with the United States authorities?

Mr. Winters: We have had a number of consultations with the United States authorities and there is the closest liaison there. I should be glad to give an up-to-date progress report, if that is what hon. members of the committee wish.

The first part of it deals with the main stem and eastern tributaries of the Red river.

Hydrographic survey of the Red river from lake Winnipeg to the international boundary, a distance of 155 miles, has been completed. Cross-sections were taken at 200-foot intervals through the city and suburbs, at 800 to 1000-foot intervals north of the city and at 1,000-foot intervals south of the city. All cross-sections have been plotted and standard hydrographic plans have been prepared showing river bed and bank contours with profiles of river bed, normal water level, 1950 flood level and general prairie level. Similar plans have been prepared of the Assiniboine river from its mouth to St. James compiled from hydrographic survey carried out by the greater Winnipeg diking board. From St. James to Headingley, the Assiniboine river has been cross-sectioned and the results have been plotted.

Surveys have been carried out east of Winnipeg over possible diversion routes. These surveys covered various possible intake and outlet locations and provided for location of routes both east and west of the town of Transcona.

Levels have been taken throughout the city of St. Boniface and the Winnipeg suburbs, and with the information available for the city of Winnipeg, a contour map of the greater Winnipeg area has been prepared.

A topographic survey of the valley extending beyond the 1950 flood elevations has been completed and plans of this survey drawn.

A reconnaissance of subsoil conditions has been made over the possible diversion routes east of Winnipeg by wash bore drill and electrical resistivity apparatus. Several core holes were drilled by rotary diamond drill at locations indicated by wash bore where rock might be encountered.

A rotary core diamond drill was employed along the river between the Bergen cut-off and Lockport covering that area commonly referred to as Lister's rapids. From the results obtained the bedrock profile along the river bottom has been plotted.

A reconnaissance survey and a subsurface exploration by wash bore drill has been carried out over a possible diversion route from the Assiniboine river towards lake Winnipeg through the west end of the city.

A topographical survey is in progress for the eastern tributaries diversion. This diversion would tap the Roseau, the Rat, the Seine rivers and Joubert creek, and it would virtually control the greater percentage of the drainage basin on the east side of the Red river in Canada. It would divert the run-off from this area by means of dikes and a small canal to enter the Red river near lake Winnipeg by either Cook's creek or Devil's creek.

Miscellaneous field surveys are in progress to obtain data on all bridge crossings, subways and railroad grades within the greater Winnipeg area.

The staff of the prairie farm rehabilitation administration, which has been assisting this department in the Red river basin investigation, has continued its contribution in the surveys and studies of the Assiniboine and Pembina rivers.

A survey of the Assiniboine valley within Manitoba for the purpose of determining river flow characteristics, flood routing and valley storage capacities at high river stages has been completed.

Detailed topographic surveys with subsurface exploration by wash bore drill have been completed for floodway diversion routes of the Assiniboine river to lake Manitoba via both east and west of Portage la Prairie. Subsequent office study of this diversion

scheme is well advanced, and a design of floodways with appurtenant works is being carried out for flows of 10,000, 25,000 and 40,000 c.f.s. Preliminary estimates of quantities and costs are being derived.

This is a long statement. Shall I continue?

Mr. Macdonnell (Greenwood): I do not want to condemn the minister to reading a long report. I thought perhaps he could give us a summary. What interests me still more is whether the minister can summarize in a general way the investigation work which is going on, and most important just what decisions, if any, have been made as to what is to be done.

Mr. Winters: The surveys are still being carried out. We are still doing some drilling on various parts of the rivers to determine the type of bottoms and various other findings that are required to determine the whole structure of the countryside with which we are concerned. Most of the field work has now been done. It is being compiled in the form of engineering data and office studies. We are hopeful that a report will be available by the end of this year. That was the target date established when the survey was undertaken, and we are still hoping that this date will be possible of attainment.

Mr. Weir: This whole subject out there is not a matter that can be dealt with briefly, or brought into a very small report. In the first place, we have had the experience arising out of the Winnipeg flood of 1948 and the undertakings that followed as a means of protecting the city of Winnipeg. May I say to the committee that the recurring serious flood problem of Manitoba has not been on the Red river but rather on the Assiniboine river, and more particularly from the area in the neighbourhood of Portage la Prairie east. Here we have had continually in regular recurring years a rather serious flood problem. And if I may say so to those associated with the city of Winnipeg, flood protection actions which they may have taken there I am sure result in aggravating the situation that happens to exist on the Assiniboine river. It cannot be otherwise.

I noted that the minister made reference to surveys that were undertaken in the area of Portage la Prairie last year, I understood at the instigation of the international joint commission, with the work being carried out by the prairie farm rehabilitation organization. We all know that these surveys were carried on, and we are anxiously awaiting their reports.

I might say to the minister and the committee that any undertaking to divert the Assiniboine river under flood conditions across to lake Manitoba is going to cost a tremendous lot of money, more than might ordinarily be expected because of the type of soil. It is a highly alluvial soil and moves around almost like feathers. Therefore whether or not it would stand any flow of water going through it is not only questionable but quite problematical.

In addition to that, the project would require going across three railways on the trans-Canada highway besides bridging other routes and things of that character. On the other hand the Assiniboine river, as those of us who live along it know, has been a problem, largely owing to flood conditions, for upwards of 25 years. An average of probably $10,000 a year has been spent in trying to control the flooding along that river. Perhaps some of that money has not been spent to the best of advantage through having to be utilized to build dikes at bends in the river where the water was likely to overflow. But as time went on and erosion took place these river banks have washed away and the dikes have fallen in. Consequently much of that effort has been lost.

We—and when I say "we" I mean the people interested—have been attempting to follow in later times a different program, namely that of trying to straighten out some of the very severe crooks that occur in that river. It is a very winding river. We think if we can get the water away more quickly from the mouth of the river, then it will avoid much of the flooding further back; but of course that then aggravates, if you like, the situation in the city of Winnipeg in that it brings the water down more quickly, and it in turn brings about another very serious problem there. But I think this whole project, both for the Red river and the Assiniboine river, involves a much wider program, through additional flood protection on the Assiniboine river, through straightening the bends and building certain dikes, and also probably the installation of storage dams further down the stream to hold back the overflow.

I hope the minister will be able to have this report on the prospects of diverting the river across to lake Manitoba at Portage la Prairie within a reasonable length of time, but I should like to suggest to him and to this committee that this is not in any sense a small undertaking. It involves a very large project and combines the flooding of the Red river as well as the Assiniboine river, and it must be approached in that light.

Mr. Macdonnell (Greenwood): I should like to express my interest in the report made by the hon. member for Portage-Neepawa. Those of us who have listened to him feel that he should speak in this house much more often.

Mr. Weir: You would never get those estimates through, then.

Mr. Macdonnell (Greenwood): Some of the rest of us might not talk so much. The last speech has really brought out the points which were in my mind in a very general way, without the knowledge he has, because I did have the feeling first of all that while no doubt this report is the last word in engineering technique, as I am sure it is, it seemed, as the hon. member has said, to be concentrated on Winnipeg; and second, it makes one wonder whether, while these scientifically complete investigations are being made, anything is being done to take care of the actual situation which might suddenly arise again. I notice the minister said that the end of the year is the target date for the completion of the report. I suppose after that there will be various bodies to get together. Will the responsibility be partly federal, partly provincial and partly municipal with regard to the Winnipeg area?

Mr. Winters: The immediate responsibility assigned to this department is to conduct the investigation. While I am on my feet I wish to thank the hon. member for Portage-Neepawa for his very clear statement of the situation as he sees it. I can tell him that his statement will be brought to the attention of those conducting the investigation.

I can assure the hon. member for Greenwood that this is not purely a recitation of engineering principles; all the human factors and everything else that requires to go into an engineering study if it is going to be any good are being kept before us at all times. This has been a matter to which we have given the greatest consideration, and I am sure any of those who come from the Winnipeg area will know the amount of work that has been put into these surveys, compiling data, before any attempt can be made to suggest what the solution might be.

With respect to the responsibility, I say again that the immediate responsibility assigned to the Department of Resources and Development was to conduct a survey with a view to determining what steps might be taken to reduce the hazard of flooding in the greater Winnipeg area. Once we have completed the surveys and prepared the report we will then certainly discuss with all parties concerned what the next steps should be. But until that is available to us we must keep in mind our immediate objective, and that is to complete the surveys and compile the report.

Mr. Macdonnell (Greenwood): I must content myself with the fact that the matter is being dealt with by someone much better informed, and leave it at that. I am glad to hear the minister say that he has noted what seemed to me to be the practical and immediate considerations put forward by the hon. member.

Mr. Weir: I wish to urge one thing more in connection with this. As I intimated before, this is a very big undertaking. Should the proposal to divert the Assiniboine river be undertaken seriously I should like to have the assurance from whatever authority may be dealing with it that there would be ample opportunity for those affected to express their points of view. I take from the minister's earlier statement that all his department has been doing thus far has been to arrange for surveys and to collect necessary information; and after that has been completed I understand somebody will have to determine the policy or make the recommendations as to which policy may be followed.

That is the point at which I think we must recognize and understand how the policy followed may affect individuals. I should not like to see anything go out from this committee as a result of the discussion which has taken place that would not assure those whose property may be affected that they will have ample opportunity to know what the project is going to be, how it is going to affect them, and what is involved so far as they are concerned.

I can assure the committee that the people living in the area immediately north of Portage la Prairie, out toward the lake, are vitally concerned in the matter, and I am afraid they just would not accept kindly any thought that a project of this kind was going to be undertaken without their having full opportunity to express their points of view and to have them considered.

Mr. Macdonnell (Greenwood): I understood the minister to say that the full responsibility of his department was to have a report ready by the end of the year. That leads me to ask where the responsibility lies, because after all something more than the preparation of a report must be done. Whose responsibility will it be to act in this matter? We will reach the end of the year and come within easy range of the flood season before anything is done. Whose responsibility will it be?

When the report is prepared will the matter be allowed to rest without action?

Mr. Winters: The hon. member need have no fear in that connection. Once the report has been prepared it will be a matter of study by those concerned, both individually and in governments. As I have informed hon. members, we have been in close consultation with the government of Manitoba and will continue to be in close consultation with it. The city of Winnipeg must have consideration, too. I can assure all hon. members that once the report is available no time will be lost in bringing it to the attention of those concerned to see that they are given ample opportunity to study it. The decision can then be made as to what the next steps should be.

Mr. Weir: I do not wish to project my remarks into the discussion too frequently, but this matter of jurisdiction is important.

The Chairman: Are we not anticipating the discussion which may take place when the report is tabled?

Mr. Weir: I was referring to what had been said by the hon. member for Greenwood.

The Chairman: I have followed the hon. member's remarks, and his first observations were in order. But when he points out to the minister that once the report contemplated by the vote is tabled, ample opportunity must be given for consideration, and proceeds to carry on a discussion with respect to jurisdiction, I think his remarks are outside the vote. The hon. member has asked a question to which the minister has replied. I do not wish unduly to curtail discussion because I know hon members are interested in this vital problem, and that as much information as possible be placed on the record at this time. But we always have the same experience where latitude is given. Immediately advantage is taken of that fact, with the result that the discussion continues indefinitely. I suggest that hon. members have had ample opportunity to put their suggestions on record, and that from now on the discussion should be strictly relevant to the item, which deals with the studies and surveys of the Red river basin.

Mr. Weir: I had thought my observations were to the point. I am sorry if I have created the impression that I have been digressing from the item under discussion. The matter of jurisdiction is important, because the Assiniboine river happens to be classed as a navigable stream and has created much of the difficulty in devising a policy for the control of the flood waters on that river. I was about to suggest that that is one problem which will have to be faced in any overall policy adopted in an attempt to control the flood waters not only of the Assiniboine but also of the Red river.

Mr. Bryce: I am glad the hon. member for Portage-Neepawa has explained the situation. Will not the administration under the Prairie Farm Rehabilitation Act take this over from the government authorities when the survey is made? Will it not be handed to P.F.R.A.? I understood that we passed a measure in the house whereby the matter would be taken out of the hands of the Minister of Public Works and placed under P.F.R.A. so they could carry on this work.

This is a matter of great importance to the people around Winnipeg. Both the Red and the Assiniboine rivers go through my constituency. Is not the report to be made to P.F.R.A.? I understand that the surveys being done by the minister's department are in conjunction with the work being done under P.F.R.A.

Mr. Winters: P.F.R.A. is already doing some of the survey work which will be used in the consolidation of the report. In effect they are doing it for the Department of Resources and Development. The responsibility for the accumulation of data and the compiling of the report is that of the department. Whether or not any works to be carried out will be assigned to P.F.R.A. or to any other agency is a decision which will have to be made after the report is submitted. So far that decision has not been made.

Mr. Bryce: I hope the report will be received soon, because we want to cut ditches this year.

Item agreed to.

386. **To provide for studies and surveys of the Saint John river watershed in Canada, $120,000.**

Mr. Brooks: I see this is a new item, and that it is for purposes similar to those set out in the last item under discussion. The Saint John river, as all hon. members know, is a well-behaved river. I might add it is one of the most beautiful, indeed if not the most beautiful river, in Canada or on the North American continent. It has been called the Rhine of America. It is an international river and I was wondering what provision was being made to co-operate with the state of Maine in connection with the control of flood waters on the Saint John river. This river rises in the state of Maine but has many large tributaries in Quebec. It would seem to me that this would have to be a

joint development of the United States and Canada; I cannot see that it would be any good otherwise.

Has this vote anything to do with the development of hydroelectric power on the Saint John river? There has been a keen interest in this subject in New Brunswick for some years.

Mr. Winters: This vote results from a reference to the international joint commission which originated with the province of New Brunswick. I understand that the state of Maine collaborated in the reference so that the Saint John river basin above Grand falls could be surveyed primarily to determine what further hydroelectric power potential exists. Any power developments would require regulatory features.

Mr. Brooks: It was not for the control of flood conditions; it was primarily in connection with the development of power?

Mr. Winters: Primarily in connection with hydroelectric power development.

Item agreed to.

389. Engineering and architectural division—administration, operation and maintenance, $461,964.

Mr. Browne (St. John's West): Is the branch doing any work this year in Newfoundland? Have any stations been set up in connection with water measuring or water resources?

Mr. Winters: Water measuring stations could more appropriately have been discussed under item 382, but I may say to the hon. member that during the past year a number of stations were set up in Newfoundland.

Item agreed to.

Projects division—

390. Administration, $38,238.

Mr. Charlton: I understand a delegation saw the minister some time ago with regard to the Conestogo project on the upper reaches of the Grand river. I know the minister must realize how serious the situation is on this river, and it is becoming even more serious. The losses from floods in the spring can be tremendous. I am sure the Ontario government has given permission to go ahead with this project, and I hope the dominion government is ready to contribute its share. Has anything definite been done so far regarding this matter?

Mr. Winters: A delegation came to see me and requested the federal government to contribute to the construction of the Conestogo dam on the Grand river. This delegation came through the good offices of His Honour the Speaker, and we had a full and pleasant interview. I told them that whether or not the federal government participated would be dependent upon the project being considered to be in the national interest. Quite apart from the dam the provincial government would have the onus of convincing the federal government that there were other features involved, such as forest and soil conservation, which would make this project of national interest. In other words it would have to be the sort of project toward which all taxpayers would feel justified in contributing. The delegation undertook to look into the problem on that broader basis. I believe they have written since that time and the department is studying their submission.

Mr. Charlton: Is the minister saying that flood conditions are not a problem of the dominion government?

Mr. Winters: As has been said here so often, flood conditions in the first instance are the responsibility of the municipality. If the damage is beyond the financial capacity of the municipality, it looks to the provincial government for assistance. If the problem created by the flood is considered to be so broad in character as to be beyond the fiscal capacity of the province and such as to merit participation by the taxpayers of Canada as a whole, then the federal government participates. That is the normal approach to problems of that nature.

Mr. Charlton: I realized that there were a number of strings attached, but I did not think they went that far. The damage caused each year is almost equal to what it would cost to complete this Conestogo project. Great flood damage is caused in Brantford and Paris. I am more particularly interested in the latter municipality where the river runs right through the town and the damage can be considerable. In a few years the amount of damage would more than equal the cost of the dam. I hope the minister will consider this matter beyond the national aspect of conservation.

Mr. Cruickshank: Do I understand the minister to say that flood damage on such great rivers as the St. Lawrence and Fraser is the responsibility of the municipality?

Mr. Winters: If a municipality suffers damage, the responsibility in the first instance lies with the municipality. If the damage is of such magnitude as occurred in the case of the Fraser and Red rivers it becomes beyond the capacity of the municipality. In those instances it was considered to be beyond the capacity of the provincial governments and therefore it involved the interests of the taxpayers of Canada as represented by the federal government.

Mr. Cruickshank: Conditions have changed considerably since early days. Today we have the Canadian National Railways and millions of dollars of federal money invested in national projects. Surely the minister is not going to tell me that the responsibility would rest with a little municipality having a revenue of no more than $200,000 or $300,000. I do not deprecate what the federal government did in the case of the Red and Fraser rivers at the time of our national disasters, but it seems strange to me to hear the minister say that in the case of these great rivers—I am speaking only for the Fraser, as I know very little about the Red river—the responsibility would be that of the local municipality in the case of flood.

Mr. Winters: In the first instance it is. Whether or not they are required to bear the full responsibility is another matter. That depends entirely upon the magnitude of the disaster.

Mr. Cruickshank: I want to follow that up a little. I am only speaking about the river I know something about, and right at the present time it happens to be our danger period in British Columbia. Under the act as it now stands does your department not have the right to vote funds to protect your investment? What I am trying to get at is that the local municipality could not possibly do it, and I am asking the question for purposes of information. Under your department have you not the right now to vote moneys to protect the investment, if you like to put it that way, that you have at the present time in protection from flood damage in such rivers as the Fraser?

The Chairman: I do not think the hon. member may have a reply to his question under this item. It has to do with administration under the projects division of the engineering and water resources branch. I think the hon. member should have asked his question on the first item that was carried the other night.

Item agreed to.

392. To provide for a contribution to the cost of constructing a dam on the upper Thames river near Fanshawe, Ontario, for the purposes of flood control and conservation, in accordance with the terms of an agreement between Canada, the province of Ontario and the upper Thames river conservation authority, $1,158,220.

Mr. White (Middlesex East): I notice there is an increase of $578,220 in this vote. What is the cause of that increase?

Mr. Winters: The vote is to enable the federal government to participate to the extent of 37½ per cent in the cost of building the Fanshawe dam on the Thames river near London, Ontario, as my hon. friend well knows. We have undertaken to contribute 37½ per cent up to a federal contribution of $1,738,219.50. Last year the project was just starting and we were only required to vote the relatively small amount of $580,000. This year the project is well under way, the expenses will be greater, and therefore our vote is correspondingly greater to pay our portion of the expenditure.

Mr. White (Middlesex East): There are one or two other matters I wish to bring to the attention of the minister. In nearly all such projects where the government takes over properties because of the development of river projects and other plans there is usually considerable dissatisfaction with the settlements that are made. Some settlements are made with farmers and in other cases there are arbitration proceedings.

Mr. Winters: These are matters entirely for the conservation authority or the provincial government. We are not involved at all in settlements for land in these instances.

Mr. White (Middlesex East): At the same time this dissatisfaction is there, and I think through the good graces of the federal government and the provincial department working with the authority a better approach could be made to such settlements. I understand that in the case of private companies like the Bell Telephone most of the settlements are made long before the properties are touched and before any work is done. In that manner a lot of dissatisfaction is avoided. I also hear people saying that while the dam is more spectacular and there is a lot more to see for the money expended, the fundamental trouble and cause of the flooding goes back much farther. They say that the reforestation of hillsides, swamps and wastelands that should and could be done is being neglected because of the dam. The dam is the first consideration, while farm properties on the little streams and reaches that feed the Thames and all the other rivers are neglected.

At the time of the sittings of the royal commission under the chairmanship of Hon. F. S. Thomas at Western university in London I made a suggestion as to the possibility of bringing water from lake Huron into the Thames river watershed during the summer months when the flow of the river is at its lowest. I pointed out it would be a great advantage to those living along the river and in the Thames watershed. I realize that such a suggestion is probably an extension of the idea the minister and the Ontario department have in mind at the moment; nevertheless it is not a great engineering problem, and it would provide fresh blue

water down the whole length of the Thames river right through western Ontario. When the minister replies I hope he will say a word or two along that line.

Mr. Winters: I would be very glad to. Quite contrary to overlooking the conservation aspects of reforestation, we have made it a condition in our agreement with the province of Ontario that reforestation projects will have to be undertaken in the watershed area of the Thames river. We made that condition before we would agree to participate in the expenditures involved in building the Fanshawe dam. As a matter of fact reforestation and other land conservation measures are being carried out in the drainage basin. Some of it is being done under the forestry agreement, which can be dealt with later, under which the federal government contributes 25 per cent to the cost of reforestation projects.

Mr. White (Middlesex East): We will say that the Fanshawe dam is going to cost approximately $4 million. What percentage is going to be spent by the Thames valley authority on reforestation and conservation?

Mr. Winters: The whole amount of $4,635,000 is to cover the cost of building the dam. I do not have the figure of estimated expenditures in the watershed area to effect conservation measures there.

Item agreed to.

393. To provide for a contribution to the cost of constructing a mining road between Black bay and Ace lake in Saskatchewan in accordance with the terms of an agreement between Canada and the province of Saskatchewan, $16,666.

Mr. Brooks: Would the minister explain this item? What justification is there for constructing a mining road between Black bay and Ace lake in Saskatchewan?

Mr. Winters: The justification is that the road is in the Beaverlodge lake area of northern Saskatchewan where there is rich uranium ore. It was considered to be in the national interest to have that uranium ore made available to those industries which, as my hon. friend knows as well as I do, require it.

Mr. Brooks: It is more to the advantage of the federal government than the provincial government to have a road there.

Mr. Winters: It is a three-way proposition under which the federal government pays one-third, the provincial government pays one-third and the mining companies together pay one-third. The largest mining company of course is Eldorado.

Item agreed to.

[Mr. White (Middlesex East).]

394. To provide, subject to allocation by treasury board, for the design and planning of deferrable projects, the acquisition of sites and the initiation of construction, $200,000.

Mr. Browne (St. John's West): Was any money spent under this vote last year?

Mr. Winters: No, Mr. Chairman.

Mr. Charlton: What is the $200,000 to be spent for this year?

Mr. Winters: It is provided in the event that conditions in the country make it justifiable or necessary to do some planning on deferrable projects.

Mr. Charlton: I take it there is no money put aside here for the Conestogo project?

Mr. Winters: That is correct.

Mr. Charlton: The minister mentioned conservation and reforestation. A considerable amount of reforestation has been done in that district already, and has been going on for years.

Mr. Winters: That is quite right, and some of it is being done at the present time under the forestry agreement to which I referred earlier.

Item agreed to.

Trans-Canada highway division—

395. Administration, operation and maintenance, $424,785.

Mr. Harkness: Is the trans-Canada highway included in this statutory item of $15 million? Last year $15 million was allocated as a contribution towards the cost of this highway, and I wondered if the minister could tell us how much of the $15 million was paid out to the provinces last year, and to what provinces the amounts were paid?

Mr. Winters: Mr Chairman, as of May 24, 1952, the total amount paid to the provinces was $20,378,263.23. A breakdown of that by provinces is as follows: Newfoundland, $1,906,000—I shall give it to the nearest thousand—Prince Edward Island, $534,000; New Brunswick, $1,110,000; Ontario, $8,155,000; Manitoba, $1,114,000; Saskatchewan, $1,297,000; Alberta, $1,089,000; British Columbia, $5,119,000.

Mr. Brooks: I understood that was last year's contribution to the provinces. What is to be paid out this year?

Mr. Winters: I presume I said 1951, but I meant to May 24, 1952.

Mr. Harkness: I think the minister said those were grants which had been paid out up to date.

Mr. Winters: I think I should make that clear at once. I meant paid out to date, and these are the up-to-date figures as of May 24, 1952.

Mr. Harkness: I presume that includes some payment out of this $15 million we are voting this year; is that the case?

Mr. Winters: The total amount paid out of last year's vote of $15 million was $12,791,631.48. The remainder of that $20 million odd to which I referred a moment ago came out of the preceding year's vote.

Mr. Harkness: I understand that nothing has been paid out so far as this current year's vote is concerned, that is out of the one-twelfth which we have already voted as interim supply?

Mr. Winters: I understand there has been some paid out in the last month and a half, but I have not the figures immediately available.

Mr. Harkness: Can the minister tell us if it is expected that the provinces will be receiving payments out of this $15 million? Is there any projected breakdown of this $15 million?

Mr. Winters: That is the estimate of what is likely to be required by all participating provinces, that is the nine provinces which have signed agreements. They will be paid out of that vote.

Mr. Brooks: I think the point is that the provinces undertake their road construction about this time of year or earlier, and they will be very busy during the summer. I should like to know how much is to be paid out, for instance, in the province of New Brunswick during the coming year for construction of the trans-Canada highway.

Mr. Winters: I can give the hon. member the estimate. The New Brunswick estimate for the year 1952-53, that is this coming construction season, totals $725,000. The federal government's contribution, estimated, will amount to $362,500.

Mr. Cruickshank: I should like to ask a question in connection with this item, Mr. Chairman. If the provincial government does not do the work by contract, but uses its own facilities, what control has the federal government over that expenditure?

Mr. Winters: We have our own supervising engineers on all the contracts. We do have that element of control over the expenditure.

Mr. Cruickshank: But if the work is not done by contract, what happens? In my riding I had to take the blame because the provincial government took a year to build a little bridge over a ditch. Have we any control over that?

Mr. Winters: We still have our supervisor examining all the work, even if it is done by day labour by the province of British Columbia.

Mr. Weir: Would the minister give the amount of money to be expended in Manitoba this year?

Mr. Winters: I should be glad to give that information. The estimate for the province of Manitoba for the year 1952-53 totals $2,925,000, of which the federal government's estimated contribution will be $1,462,500.

Mr. Cruickshank: Could the minister give the same figure for British Columbia?

Mr. Winters: Perhaps I had better give them all. These are estimated figures again, in each case being half the total of the provincial figures. For Newfoundland the federal contribution amounts to $625,000; Prince Edward Island, $480,000; New Brunswick, $362,500; Ontario, $5,500,000; Manitoba, $1,462,500; Saskatchewan, $1,620,000; Alberta, $1,675,000; British Columbia, $2,976,000.

Item agreed to.

396. **To provide for surveys and construction of the trans-Canada highway through national parks, $500,000.**

Mr. Harkness: This is a half million dollar item to provide for surveys and construction on the trans-Canada highway through national parks. There are a few questions I should like to ask. First of all, what is the allocation as between surveys and actual construction? Second, what is the amount of construction and where is it being undertaken this year? Has it already started, and if not when will it get started?

Mr. Winters: Just now, Mr. Chairman, tenders are in the process of being called for a bridge and some four miles of grade. This is the program for 1952-53. The proposed work in the lake Louise area will include the new reinforced concrete bridge over the Bow river, the construction of the approaches, and the grading necessary to connect the bridge with the existing highway. From the south end of the bridge approximately one-half mile of new road will be built with good curvature and satisfactory grades to connect with the existing road, and at the north approach the connection with the Banff-Jasper highway and the Pipestone bridge will be graded. Gravel surfacing will be done on all the sections of new road but no treated base course work will be attempted this year. The estimated cost of this work

is $217,000. In addition, final location surveys will be made of the trans-Canada highway to Field, B.C., and as far beyond as funds and personnel available will permit. In addition there will be expenditure on construction engineering in the lake Louise area. Funds for this survey and engineering work are being provided in the amount of $25,000, giving a total estimated expenditure of $242,000 at lake Louise and westerly.

The remaining $258,000 will be applied to constructing the trans-Canada highway from the east gate westerly towards Banff. Of this amount, $250,000 is earmarked for construction and $8,000 for engineering. With the amount available we hope to build between four and five miles of new highway between the east gate and Banff. All the work referred to will be done by contract and tenders will be called for as soon as the plans are ready. In fact, as I have stated, tenders have already been called for.

Mr. Fulton: I have one question which it might be possible to answer before eleven o'clock. If the Mica creek dam on the Columbia river is proceeded with, it will be necessary to relocate the road. It is my impression that it would then go through a portion of Glacier national park. In that case, would the minister say anything about responsibility for the construction of the road, at least that part of it through the national park?

Mr. Winters: Without assuming where the road will go—because I do not know; no surveys have been definitive yet—may I say that if there is a portion of the trans-Canada highway through any national park, the federal government then pays the entire cost of that portion.

Mr. McLure: I should like to ask the minister whether the highway in the national park in Prince Edward Island from Rustico through to Cavendish will be completed this year.

Mr. Winters: No.

Mr. McLure: Furthermore, I notice there is a large increase in this item. A survey has been going on at Rustico harbour over to Robinsons island, with a view to building a bridge there and connecting the Rustico-Cavendish part of the national park with Dalvay and the eastern part. I have not seen any report as to whether this survey is going to be continued this year or, furthermore, whether a bridge is going to be built across the harbour at Rustico. This is one of the projects that was up for consideration prior to 1949. Having regard to the size of this vote as compared with that of other years, I should like to know whether this highway is going to be completed. Another question I should like to ask is this. Are any negotiations in progress with the provincial government with regard to the building of a highway from New Glasgow, Prince Edward Island to Cavendish. It is only a distance of six miles. Some preparation has already been made by the provincial government with regard to the road. In visiting Cavendish, one drawback is this six miles of dirt road which could be made into a satisfactory highway. I understand the provincial government are ready to pay their share if the federal government will come in and assist in making it a permanent highway to connect with the highway at New Glasgow; they will then have a perfect road right through and get clear of all the dust about which there are so many complaints at the present time.

I know it is after eleven o'clock. The minister will take quite a while to reply to this question—

Mr. Winters: It will not take me very long to reply.

Mr. McLure: We had better have the question left over.

Mr. Winters: None of the projects to which my hon. friend the senior member for Queens referred comes within the scope of this vote. None of them is on the route of the trans-Canada highway. He was discussing certain contemplated projects in the national park. All I can tell him is that we propose this year to complete the paving of that portion of the roadway between Dalvay and Stanhope. The other projects are outside the scope of this vote.

Mr. Ross (Souris): Eleven o'clock.

The Chairman: Shall this item carry?

Some hon. Members: Carried.

Mr. McLure: No.

Mr. Cruickshank: I want to ask a question.

Some hon. Members: Eleven o'clock.

Mr. Winters: It does not come under this vote, Mr. Chairman.

The Chairman: The minister has just said that the questions asked do not come under this vote. Do hon. members still want to have this item left over, or do they want to carry it? Perhaps I might point out that there are two items left before we complete the engineering and water resources branch. The next item is No. 397, for $1,000, to provide for general investigation by the Northwest Territories power commission.

Some hon. Members: Eleven o'clock.

Mr. Brooks: Mr. Chairman, it is five minutes past eleven. There are two items left. I see there are quite a number of members who would like to ask some more questions. I think the items should be allowed to stand.

Mr. McLure: Stand.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will move to go into committee of supply and call two new departments. Then we will consider the estimates of resources and development, national health and welfare, and labour; also public works, perhaps, if we complete labour.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF RESOURCES AND DEVELOPMENT

National parks branch—

375. Branch administration, $23,545.

National parks and historic sites services—

376. Administration, operation and maintenance, $3,646,974.

377. Construction or acquisition of buildings, works, land and new equipment, $3,506,443.

378. Grant to the Jack Miner migratory birds foundation, $5,000.

Canadian wildlife service—

379. Wildlife resources (conservation and development, including administration of the Migratory Birds Convention Act—administration, operation and maintenance, $332,680.

380. National Museum of Canada—administration, operation and maintenance, $259,823.

Engineering and water resources branch—

381. Branch administration, $65,172.

Water resources division—

Water resources division, including the administration of the Dominion Water Power and Irrigation Acts—

382. Administration, operation and maintenance including grant of $350 to the international executive council world power conference, $606,345.

383. Construction or acquisition of buildings, works, land and new equipment, $22,423.

384. To provide for studies and surveys of the Columbia river watershed in Canada, $387,535.

385. To provide for studies and surveys of the Red river basin in Canada, including Assiniboine and Pembina rivers, $255,553.

386. To provide for studies and surveys of the Saint John river watershed in Canada, $120,000.

387. Lake of the Woods control board, $15,590.

388. To provide for the expenses incurred under the agreement between Canada, Ontario and Manitoba, confirmed by the Lac Seul Conservation Act, 1928, moneys expended to be largely reimbursed, $17,750.

389. Engineering and architectural division—administration, operation and maintenance, $461,964.

Projects division—

390. Administration, $38,238.

391. To provide for a contribution by Canada to the improvement and reconstruction of the road between Patricia bay airport, Vancouver island, and the city limits of Victoria, B.C., in accordance with the terms of the agreement between Canada and the province of British Columbia, $147,974.

392. To provide for a contribution to the cost of constructing a dam on the Upper Thames river near Fanshawe, Ontario, for the purposes of flood control and conservation, in accordance with the terms of an agreement between Canada, the province of Ontario and the Upper Thames river conservation authority, $1,158,220.

393. To provide for a contribution to the cost of constructing a mining road between Black bay and Ace lake in Saskatchewan in accordance with the terms of an agreement between Canada and the province of Saskatchewan, $16,666.

394. To provide, subject to allocation by treasury board, for the design and planning of deferrable projects, the acquisition of sites and the initiation of construction, $200,000.

Trans-Canada highway division—

395. Administration, operation and maintenance, $424,785.

HOUSE OF COMMONS

Tuesday, June 3, 1952

The house met at three o'clock.

EMERGENCY GOLD MINING ASSISTANCE ACT

TABLING OF FRENCH EDITION OF REPORT FOR FISCAL YEAR ENDED MARCH 31, 1952

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, I desire to table the French edition of the report of the administration of the Emergency Gold Mining Assistance Act for the fiscal year ended March 31, 1952.

LIVESTOCK

FOOT-AND-MOUTH DISEASE—STATEMENT BY VETERINARY DIRECTOR GENERAL—REFERENCE TO PRESS REPORT

On the orders of the day:

Mr. H. O. White (Middlesex East): I should like to address a question to the Prime Minister, in view of the absence of the Minister of Agriculture (Mr. Gardiner) and his parliamentary assistant. This question arises out of the statement made by the veterinary director general in British Columbia recently to the effect that the clean-up of the foot-and-mouth disease having been accomplished, Canadian cattle would be admitted into the United States as early as September. Will the Prime Minister indicate to the house whether such is the case?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, all I can say is that I read with interest that dispatch reporting what the veterinary director general is supposed to have said and I hope it is true. I hope there will be no more outbreaks; and if there are no more outbreaks, I hope the United States administration will recognize the situation and will give effect to it at the earliest possible moment.

NATIONAL DEFENCE

KOREA—ARMED FORCES—DELAY IN MAIL SERVICE

On the orders of the day:

Mr. L. E. Cardiff (Huron North): Mr. Speaker, I should like to direct a question to the Postmaster General or to the Minister of National Defence. I do not know to which one it should be directed. It is with regard to a man who is serving in Korea and who has not received any mail since February 27. I can give the minister the letter—there is nothing personal in it—the man's address and all particulars. Mail has been sent to him. I am informed that there must be, somewhere, a considerable amount of mail directed to him; but he has not received any since February 27.

Hon. Brooke Claxton (Minister of National Defence): If the hon. member will give me the letter I will go into the matter with my colleague, the Postmaster General (Mr. Cote), and see what, if anything, can be done.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

SUGGESTED COMMONWEALTH CONFERENCE—TRADE AND CONVERTIBILITY OF CURRENCIES

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I propose to take this opportunity to renew the discussion of a subject that has been raised on earlier occasions, and to bring before the house once again a proposal that has been made, without success, by various members of this party from time to time. It seems to me that this is a particularly appropriate time to raise the question of the possibility of taking some positive action to revive the traditional trade within the commonwealth, and particularly with Great Britain.

When I say that this seems to be a particularly appropriate time, I say it in view of the fact the trade fair now taking place in Toronto is serving to emphasize the vital importance of trade in our economic affairs and in the economic affairs of the free world.

May I say that I had the privilege of being at the trade fair yesterday when it was opened by the Minister of Trade and Commerce (Mr. Howe); and I do think that Canadians have every reason for satisfaction that this fair should be so well patronized by Canadian producers, and also that it should have attracted such excellent exhibits from so many other countries.

There are, however, certain aspects of that trade fair which, it seems to me, call for attention from all of us who recognize that there is perhaps no other highly developed country in the world which is so dependent upon the maintenance of external trade as is

Canada today. Those who visit that fair will see very convincing evidence of the extent to which Germany, Japan and Italy have rebuilt their productive capacity, and are once more capable of exporting machine tools, steel products, textiles and fine equipment of all kinds which are going to compete in the markets of the world in a manner which will call for the attention of every company and every individual interested in the export trade.

One of the most interesting exhibits at that fair—perhaps the most interesting in many ways—is the very large exhibit from Germany. No Canadian needed to be told that Germany is capable of producing machinery and steel products of all kinds of the very finest type. At that fair they will see that Germany has revived that production, and that never at any time were they producing steel products generally, cutlery and things of that kind, of a finer quality than is to be seen there. The same is substantially true of Japan and Italy and of other countries that only a short time ago were simply beginning to rebuild their industrial capacity.

I was speaking to one of the exhibitors, amongst the German group, who was interested in textiles. He pointed out the very high quality of the textiles that they were seeking to sell here in Canada. He pointed out that it was of high quality, but that nevertheless they were able to sell it at a favourable price because their wage levels were lower in that country than in Canada. It was interesting to me that this representative of a German textile firm should have seen fit to point out that very obvious fact to me when I was examining those textiles which might be competing with Canadian textiles in the near future.

However, there was another point in connection with these products from Germany, Japan and Italy which was not pointed out, and which perhaps was not so apparent. We sometimes are inclined to forget that Germany, Japan and Italy wiped out their accumulated obligations, wiped out the enormous debts they had created in building up their military potential for war, which they lost, and by an extreme form of inflation, which practically wiped out the value of their money, they liquidated for all practical purposes their huge accumulated government obligations. Therefore, the people of those countries are not being taxed in very substantial sums today for the payment either of carrying charges or of capital repayment on past obligations.

This country, which found it necessary to assume heavy obligations because of German, Japanese and Italian aggression, still finds itself in the position of paying both maintenance charges and capital charges on those accumulated obligations. They constitute a very substantial figure in the total of the tax moneys which are collected from our people. Then also, as compared with us, the people of Germany, Japan and Italy are not assuming defence obligations on the scale that we are. It may be that they will soon do so. Up to this point they have not been permitted to undertake expenditures of that kind.

We find, therefore, that from the tax point of view, as well as from other points of view, these countries are in a very favourable position to compete with us and to compete with other countries which have carried forward the obligations which they incurred during the years of war, and the obligations which we are now accepting as part of the common effort to preserve the freedom which we won during that war.

It may not be easy to determine what the exact amount is, but it would appear that part of the cost of everything that we must sell in the export market resulting from taxation alone would be close to 25 cents on the dollar. That is a very heavy figure to include in the price of the things that we must sell in competitive markets of the nature which we now see opening out before our eyes. No longer are we in the fortunate position that, with our capital producing capacity maintained, we have such great advantages over those other countries. Their capital producing plant has been greatly restored; much of it is new and of the very finest type. Much of it was produced on the North American continent. That modern plant will be competing all over the world with the exports of this country, of Great Britain and of other countries which are carrying forward heavy past obligations and assuming new obligations for the defence of freedom.

For these reasons it seems that we should examine the whole question of external trade, both export and import, with a sense of urgency and with a recognition of its importance, such as we have not been impelled to recognize at any time since the days before the last world war.

In referring to the trade fair I am of course speaking only of industrial production. But we also have in this country a great and primary concern with agricultural production and agricultural exports. We start with one simple fact, a fact emphasized only a few days ago by the Prime Minister (Mr. St. Laurent) in a speech he made about the importance of the export trade to Canada,

when he pointed out that of every dollar that Canadians earn one-third is earned by export trade.

No other highly developed country in the world is nearly as dependent upon the maintenance of export trade as we are, for our continuing prosperity. It is with the recognition of that fact that I suggest we should examine at this time our position, and why we should be seeking the return and expansion of our traditional markets at a time when those traditional markets have been lost or are being greatly reduced in respect of those lines upon which we depended so greatly.

There is no doubt about the fact that on a percentage basis there has been a serious reduction in our exports to the United Kingdom, that traditional market upon which we have depended so largely in the past. There has been some attempt to minimize the seriousness of the situation so far as the United Kingdom market is concerned by pointing out that in current dollar figures there is an increase in the dollar value of the exports from Canada to the United Kingdom.

We are told that the dollar exports to the United Kingdom have been increasing month by month this year. That is true. But I am going to suggest reasons why we should not have any false sense of satisfaction from the figures placed before us. I shall suggest reasons why we should examine how these figures are made up, and why it is that there is a dollar increase at this time.

During the first four months of the present year there was an increase each month over the corresponding month last year. There was an increase in January of 3·2 per cent over the figure for last year; there was an increase of 10 per cent over February of last year; there was an increase of 28·1 per cent over March of last year and there was an increase of 29·3 per cent over April of last year. But there is another figure against which that must be balanced. During those same months there was a decrease each month in the imports of this country from the United Kingdom. In January the decrease was 9·6 per cent; in February, 6·5 per cent; in March, 7·8 per cent and in April, 20·6 per cent.

Therefore we see that as our exports are increasing month by month percentagewise over the corresponding months last year, our imports from the United Kingdom are at the same time decreasing to a considerable extent. That indicates further dangers which must be faced in connection with our exports to the United Kingdom.

Suggested Commonwealth Conference

Then, Mr. Speaker, there are other considerations in connection with trade which I think should be borne in mind. We are told that our export trade with the United Kingdom is increasing. We are told that in dollar value it was higher last year than it was in the years immediately before the war. In current dollars that is true. But we have heard in the house a term used which should be employed if we are to see what has actually been happening. That term is "constant dollar value"—that is, the real value of our dollar in what it will buy at any given time.

I have before me a break-down of the figures supplied in the prices and price index compilation of the dominion bureau of statistics. From these I have found that the position on the basis of constant dollar value is far from reassuring. I see that in 1938 we exported to the United Kingdom, in the dollars of that time, goods to the value of $340 million. In 1939 we exported goods to the value of $328 million, while in 1947 the value of our exports to the United Kingdom amounted to $751 million. Last year it amounted to $631 million, which was an increase from $470 million in 1950. In dollars of last year that looked like a reassuring increase. But when these are reduced to terms of a constant dollar value, to the actual value of the dollar as worked out by the dominion bureau of statistics, and when you take the general wholesale price index, you find these results in connection with our exports to the United Kingdom:

	Constant dollar value million
1938	$333·3
1939	330·5
1950	222·5
1951	262·7

In other words, in constant dollar value, in terms of buying units in the hands of our people, exports to the United Kingdom last year and the year before were substantially below the constant dollar value of our exports in 1938 and 1939. This has come about at a time when the value of our exports to the United States, in terms either of current dollars or of constant dollar value, has been increasing by leaps and bounds.

We have been told in this house that there is no reason for alarm about our export situation. As I recall the words, we were told that we could sell what we could produce. When we examine these figures we must all begin to wonder why it is that so many people are wondering about their exports at this time. There is no use telling the cheese producer in this country that he can export all that

he can produce. There is no use telling the hog raiser that he can sell in the export market all that he can produce. There is no use telling the cattle producer that he can sell all that he can produce. There is no use telling the poultry raiser that he can sell all that he can produce. They know differently.

They know that these markets have either disappeared or been reduced to a mere trickle in some of the most important lines of our historic export trade. True there is a large export, but that is made up mainly of raw materials required for defence production and defence preparations. I am not questioning the wisdom of supplying to the manufacturers of Britain essential raw materials required for the production of those things needed for the common defence of freedom. I do not think that we should be misled, however, by the fact that this demand, superimposed upon their ordinary production, is what has largely accounted for the maintenance of our export figures to the United Kingdom at this time.

In very substantial measure the same is true of our exports to the United States. We are exporting large quantities of unprocessed and semi-processed materials which could very well be manufactured in this country to the advantage of Canadian workmen in every part of Canada. I qualify my remarks by saying that as a partner in a great combined effort to preserve the peace and to defend freedom we should not be unwilling to contribute those things which are essential for the common defence of our freedom.

Nevertheless, in connection with our exports both to the United States and to the United Kingdom, I think the time has come to recognize that this may be a costly type of export in the long run, whatever temporary advantages we may seem to get. A very considerable part of that export is made up of raw materials which are being sent out of Canada in a form which gives to us the lowest dollar value and the lowest factor possible.

I think we might well re-examine the possibility of greatly increasing our own production of finished articles from some of these raw materials in a way that will give Canadian workmen jobs from our own raw materials instead of exporting them: always with the qualification that I am not suggesting that we should place a barrier against the supply of raw materials essential for the common effort.

We have learned in the past that it is not wise to put all our eggs in one basket and to become completely dependent upon the United States for exports no matter how friendly our own association with that great country may be. We have had most convincing evidence in the past that there may come a time when the people of the United States will not welcome imports on a large scale of those things which they are producing in their own country. We know what happened in the early 1930's when barriers were raised against the exportation from this country of agricultural products upon which our agricultural economy had been so dependent.

I believe that there is a better understanding today between our two countries in regard to our common problems. Nevertheless we must not forget at any time that the United States and Canada are largely producers of similar products, both agricultural and industrial. For that reason we are always confronted with the possibility that if producers in the United States can fully meet the demands of their domestic market we may find it extremely difficult to sell products of that kind in that country.

Again I would point out that there is an exception. Undoubtedly we will be able to sell in the United States raw materials of the kind which they need for industrial production there. I can only repeat that no matter how friendly our relationship with the United States may be we should not disregard their success in following a policy of rational self-interest. We should not forget that the reason for the immense success of industrial production in the United States has been that the government of that country has at all times decided that the first concern of the government of the United States was to create employment for the workers of the United States. The reason they were able to absorb such immense immigration into the United States over the past seventy-five years was the fact that they decided that they were concerned first of all with industrial production in their own country. Certainly no one in the United States could possibly criticize any Canadian who said that, while bonds of friendship could not be closer or warmer than are the bonds of friendship between our two countries, we also believe in the same policy and we think that we should use our resources to create employment not only for the Canadians of today but also for those millions of potential Canadians who can come here if we fully employ the resources that we possess.

If we accept that proposition, then our exports to the United States may not be as large in the years ahead, and we may therefore find ourselves in the position of needing export markets and needing them very soon. It is with that thought in mind that I believe we should be exploring every possibility of reviving these traditional markets which are not markets in a country with a production

parallel to ours but are markets in a country which to a very substantial extent has a complementary production and greatly needs the things that we can sell. I am not limiting my arguments to the United Kingdom. I direct them to the whole commonwealth because I believe that there are many types of production that are required in very large quantities in the other nations of the commonwealth.

I think there is one very significant reason why we should be seeking every possible means to reopen and expand our normal export business and to increase trade with the nations of the commonwealth. To the extent that trade is in itself the very lifeblood of our economy in Canada we should be seeking to revive and expand those channels of trade for which our communications are already established. This country grew up as a nation with great communicating lines east and west to the seaports on the Atlantic and the Pacific. Reduce or fail to expand that overseas trade and we not only injure our whole domestic economy and place it in a precarious position because of its dependence upon what happens in the United States but we also reduce the opportunities that should be open to those seaports which were intended and are designed today to carry our trade to the seaports of the world across the Atlantic and Pacific oceans.

These are all reasons why we should be seeking in every way we can to overcome the greatest barrier in the way of the expansion of that trade. I am certain that no one in this house will suggest that we are selling all that it would be desirable for us to sell to the United Kingdom, Australia, New Zealand, South Africa, India, Pakistan or to any other part of the commonwealth or the areas associated with it. Explanations are offered as to why that business cannot be maintained. I find, for instance, that in the *Economic Record* issued by the United Kingdom information office in April of this year there is a statement which puts forward the official point of view of the United Kingdom with respect to this subject. It reads as follows:

> United Kingdom imports have to be cut. . . Britain would far rather buy more from Canada, not less. It is not because of socialism or nationalization or the incompetence of politicians that cheese purchases have had to be wiped out this year. It is just that the dollars are not there—as simple as that. Canadian buying from Britain is dropping steadily. In 1951 it averaged $31·9 million a month; this year it is running at $22·5 million. That is why British purchasing in Canada is having to be cut further despite the United Kingdom's hunger for the things Canada produces.

Suggested Commonwealth Conference

There is also the recent statement of the minister of food for Great Britain, the Hon. Mr. Lloyd George. He said:

> For balance of payment reasons we are regretfully compelled at present to confine our purchases of Canadian food mainly to cereals and flour.

These statements seek to emphasize the fact that there is a dollar shortage in Britain. Efforts are being made to increase the number of dollars available to the British for the purchase of Canadian products. If we are to accept that proposition, then I think there is a gloomy prospect before us in the months and years ahead. Looking back over the records of the years before the last world war we see year after year much larger sales by Canada to the United Kingdom than purchases from them. The reason for that was that while they were buying from us we were buying from other people, and there was a rotation of credits which was a part of the normal financial business of the nations of the world at that time. At that time we had not thought that it was necessary to balance buying and selling exactly between nations. All nations sought to reach some ultimate balance of buying and selling as a total of all transactions. We do not think, however, that we should only be able to sell to any country just the exact amount that country buys from us. If we expect to produce all that we should produce then we should be able to sell to any country the amount that country can buy from us. Otherwise we will be getting very close to the kind of airtight financial compartments which caused so much trouble in the thirties and which, in the minds of some people, contributed greatly to the pressures which caused increasing tension in so many nations before the last world war.

If we can only expect to produce in that way and just sell the same amount as we buy, and this must be worked out in some way with other nations, it would seem that what we are going to do is to arrive at something like barter on the grand scale between nations. It may not be called barter. That barter would involve a great number of individual transactions, but if this is to be on a rigid basis of equal buying and selling then the individual trader, the keen businessman who built up international trade in the past, is going to find himself hamstrung in his efforts to build up trade for his own particular article.

The sooner we get back to the point when free men, trading as free men in the markets of the world—in agricultural products, in industrial products, in any other kind of products—can create their own markets by their own initiative and by their own skill,

the sooner we will get back to the time when free economy will be working in the way it should.

Let us not deceive ourselves. There is no source of wealth except production There is no source of taxation to pay the social services and all the other things that we need in this country except the taxes that can be imposed upon income which depends upon production. That production in turn depends in this country at this time upon maintaining an export of at least one-third of all we produce. It would be well if we could increase that still more—in the highly developed products that we can process and manufacture—whether it be agricultural or industrial products.

We must maintain those exports to maintain our production. We must maintain those exports to maintain the flow of money from which taxes can be drawn to maintain our services in Canada. Therefore, the maintenance of those export markets is the very foundation of the level of the social and other services that we have undertaken to give our people.

There is no easy solution. I hope no one will suggest there can be any easy solution. There is a shortage of dollars in Britain and in the other nations of the commonwealth, but in the past we were able to trade in currencies of different types. We were able to buy our jute in India; we were able to buy cotton in Egypt; we were able to buy bauxite for our aluminum production in other countries using sterling as the basis of exchange. We have been able to buy many of the things not produced in the United States with the credits that we established by our surplus sales to the United Kingdom over our imports from them.

In the same way, by some device, if we are going to return to normal economic methods, we must find some way to establish convertibility of the dollar and pound. It will be said this is a very difficult problem. It will be said this is something the United States with its immense power and means still has not been able to solve. That is so.

The United States is not so dependent upon the solution of that problem as we are. The United States has not the same historic reasons for wanting and for needing the solution to that problem as we have. The United States has a very small export surplus as compared with ours, related to their total production. They want convertibility, I have no doubt of that; but the urgent necessity for convertibility has not impressed itself upon them to the same degree because, to a very large extent out of their immense wealth, they have been able to establish dollar credits in other countries which are in some measure overcoming currency problems for the time being.

Artificial methods of that kind, however, will offer no satisfactory solution to this difficulty. I should think that every Canadian and every person in the whole free world who understands what has happened will always recognize a debt of gratitude to those in responsibility in the United States for the unparalleled acts of generosity since the close of the last world war which have had so much to do with saving great parts of the world from the threat of communism.

We, undoubtedly, will always be indebted to them for the vision and generosity which prompted them to advance enormous sums to rebuild the devastated areas in the free countries, and for restoring their productive capacity.

We are coming to a time now, however, when we must seek normal methods if we are going to win this economic struggle in which we are engaged. How often do we need to tell ourselves that this struggle in which we are engaged today is just as much an economic struggle as it is a military struggle. We must preserve our economic strength if we are going to be able to maintain the military strength to hold back the threat of communistic aggression and in that way to preserve peace. If we are going to win, by military power, a victory over the threat of communist aggression, then we must win the economic struggle in which we are engaged at the same time. The solution of this problem is one of the objectives that we must attain if we are to win this economic struggle. Unless convertibility of the dollar and the pound is to be restored in some way, it is going to be extremely difficult for us to build, through the whole free world, a strong, normal economic system which will be the lasting foundation of those other efforts which we trust will maintain peace in our time.

With the assurances that have been given by the governments of the western world I am not in any doubt that, if there were in western Europe or in other areas communist military aggression which affected our security, the free nations would find a way to bring their forces together under circumstances that would meet that military threat. Because of the difficulties of hurdling the dollar-pound problem we would not be prevented from putting forward our military effort. We would find some way of getting past dollar-pound convertibility so that our military strength could be brought together in a united effort to defend ourselves against communist military aggression.

If we have meant what we have said when we have stated over and over again that the economic struggle is part and parcel of the whole struggle, we should not know ourselves to be possessed of less vision, less initiative and less courage in tackling the financial problem than we know we would show in tackling the military problem. Certainly it will be difficult. There will be no easy victory in this great economic and military struggle. Whatever the methods are, we should be seeking some solution of this problem of dollar-pound convertibility.

When the suggestion has been made that a full-scale commonwealth conference on trade and on financial affairs be held for the purpose of seeking solutions which will maintain and expand our trade within the commonwealth, I know it is pointed out that there is to this problem no answer that is in our hands but that the answer lies in finding enough dollars in the United Kingdom and in the other nations of the commonwealth. Very often that statement is made as though this were a problem exclusively for attention on the part of the government of the United Kingdom and the governments of the other nations of the commonwealth. I submit, Mr. Speaker, that as we see what is happening to our own export markets in many vital lines of production, we must recognize that this is our problem just as much as it is a problem of the United Kingdom or of any other nation of the commonwealth.

Look at what has happened to cheese export, simply as an example of what is happening in this country today. No dollar figures will help to convince the cheese producer that everything is all right in the export markets at this time. Last year cheese was being sold at 36 cents a pound. Now we are told that it is to be sold at 27 cents a pound, with a 24-cent a pound advance on the price to be paid.

It is not the mere fixing of the price that matters. It is a question as to how much cheese we are going to be able to sell. For one hundred years and more the United Kingdom has been our great market for the sale of cheese. That is the market that has been establishing the basic value of our cheese. Now we find ourselves in the position where that market is not open to us. No floor price or no fixed price that may be established by the government is going to solve this problem.

The question in the mind of the cheese producer is not only "What is the price?" but "How much can I sell?". At the present time it is extremely uncertain how much can be sold. The cheese industry in this country is gravely threatened at this time. That industry largely affects the whole dairy industry in Canada because of its effect on other dairy values. Those who have been in the habit of producing large numbers of eggs for the export of egg products are not satisfied, by any statement of dollar totals, that all is well with the export business at this time. Those who have been selling hogs for the purpose of export are not convinced that all is well simply because dollar figures may suggest an extremely large total of exports. In the words of the food minister of Great Britain, at the present time they are forced to confine their purchases of Canadian food mainly to cereals and flour. That is a situation which we must tackle in some way unless the cheese industry and the whole dairy industry in this country are going to be seriously threatened. We all know what has been the impact of the foot-and-mouth disease and what results have followed it. They would not have been so serious had these other markets not been cut off. It is true that very recently the Minister of Agriculture (Mr. Gardiner) announced a quadrilateral deal under which we are to sell certain animal food to Great Britain in an arrangement which has been made between Canada, Great Britain, New Zealand and the United States. That very transaction indicated what can be done when people get together to tackle this problem.

When New Zealand, Canada, Britain and the United States are able to find a solution of this kind, it does suggest that there is some possibility of still wider arrangements, but it would be infinitely better if we could lay the foundation for arrangements that could be made by normal marketing methods, instead of getting into rigid intergovernmental transactions of that kind, which present collateral problems through the very fact that it has been necessary for governments to carry out those transactions.

If we believe in a free economy, if we believe in freedom of trade as free men and women, then surely it is the function of government to seek the methods and the procedure by which we can return to free methods of trading, to the seeking of markets, to the building up of markets by individual initiative, vigour and vision. That is what we should be seeking at this time when we now find ourselves confronted with the necessity of intergovernmental transactions of this nature.

I submit, Mr. Speaker, the very fact that it was possible to enter into a transaction of that kind does suggest the advisability of wider discussions which will seek some method by which we can open out these markets, by which governments can provide

the vehicle for international trade, instead of becoming the vehicle themselves.

No one, surely, can be in any doubt that if something is not done soon to make it possible to reopen the markets for cheese, for egg products, for other food products, as well as for products of all kinds, the farmers of this country may find themselves in a very serious situation.

No matter what the attitude of the government may have been in the past, I do urge the reconsideration of this whole question in the light of events as they now are, not merely in relation to agricultural products, but in relation to products of all kinds. There are many things that could be done. I know that the Canadian government has made efforts to assist in expanding this trade. I know that a government agency has done a great deal to increase trade between Canada and the United Kingdom. I know that the dollar-pound board has sought to encourage the movement of exports and imports between Canada and the United Kingdom. I know that there has been recognition of the need for education in regard to the possibility of increased business not only in Canada but in the United Kingdom. It is not only in Canada that efforts need to be made to create the wider understanding of the importance of this movement of production from one country to the other.

Our people undoubtedly need to be impressed with the fact that increased purchases by Canada from the United Kingdom will increase their opportunity to buy from us. Also in the United Kingdom there must be a greatly increased understanding of the importance of a number of factors if they are going to sell in our market. There are great opportunities for sales in Canada of heavy machinery of all kinds. With the tremendous expansion that there is going to be in hydroelectric development in Canada in the years ahead, they could be selling more generators and other electrical equipment here in Canada. They could be selling machine tools of many kinds.

Mr. Howe: Why are they not?

Mr. Drew: For one reason that the Minister of Trade and Commerce very correctly pointed out from time to time, namely, that the Canadian purchaser must be assured of delivery and of maintenance of supply. And that was exactly the point I was making, that education is greatly needed in the United Kingdom, and the industrial producers of the United Kingdom in every line of production must realize that if they are going to sell in this country, whether it be electrical equipment, whether it be automobiles or whether it be anything else of that kind, they must give competitive delivery and competitive maintenance.

Mr. Abbott: And competitive prices, too.

Mr. Drew: The prices have been competitive. The prices, as a matter of fact, have not been the barrier.

Mr. Abbott: That is true.

Mr. Drew: I think in most cases they have been able to offer prices that would have encouraged our people to buy in very large quantities; but what has prevented a lot of purchases in this country has been the uncertainty as to the date of delivery, and even with a known date of delivery, or a promised date of delivery, the uncertainty as to the maintenance of the machinery when it came here. That was what I was referring to when I said there must be education on both sides.

I recognize these things, and I believe that as partners in this great policy we should not hesitate to say to our friends in the United Kingdom and to producers in other parts of the world that they must be able to lay down their products here on a fully competitive basis if they are going to maintain their markets.

However, Mr. Speaker, I think that these are all things that require attention not only on the basis of long-term education, but also on the basis of finding ways and means which will encourage the private individual to carry out that kind of sale and service. I think that one of the reasons the British producer has not been giving the kind of delivery and the kind of maintenance which made it possible for him to sell so successfully throughout the whole world in the years gone by is that he has found his sale was largely channelled through government agencies; that he has lost that ordinary competitive capacity which was so much a part of their selling methods, and in a substantial measure that is true of our own exporters. That is one reason, I suggest, why one of the major concerns of the Canadian government, of the government of the United Kingdom and of the other governments of the commonwealth is to get out of business of that kind as much as possible, and to get back to normal methods of trading, where the man who produces will be the man who goes out and sells, and where the man who produces goes right into the market and has to deal with the people to whom he is selling, and has to meet the demands of those sales in the way he did in years gone by.

The more the government stands between producer and purchaser, the more the selling initiative of our system is paralysed by the

actions of the government itself. It does not matter whether we call a government socialist or not, paralysis of that kind is the inevitable result of government intervention between the producer and the ultimate purchaser.

My own firm conviction is that it is the function of governments under our free system to make that system as free flowing as possible; and I say that every effort should be made by consultation and by conference to open up the channels of trade. There is no simple method. I remember when the Minister of Finance (Mr. Abbott) was explaining why it was not possible to free our dollar. But he freed it, and with very satisfactory results. I hope the Minister of Finance will be converted to other arguments which have been put forward, and—

An hon. Member: He will.

Mr. Drew: Yes, I think perhaps in time he will; but I hope it will be sooner than we have any immediate assurance of at the moment.

I believe the very fact that our dollar now is at a premium in relation to the United States dollars is one reason why we can attack this problem with a greater measure of confidence than before. True, we are a nation of only a little more than 14 million people as compared with the 160 million or more in the United States. True, our wealth is proportionately small, when compared with theirs. But our wealth and our place within the commonwealth is very important. Whether a conference between appropriate representatives of the governments of the nations of the commonwealth would reach a final stage of a solution of the problem out of their own discussions, at least I believe that they could find the pattern by which this hurdle could be overcome.

And if Canada, sitting down with the other nations of the commonwealth, can find a way to break this barrier, then as a group of nations we shall be in an excellent position to place our arguments before the United States as to the way in which we think this great problem can be solved.

I know there are a number of answers. One is that everything possible is being done by the dollar-sterling board. I believe they are doing an excellent job, so far as Great Britain and Canada are concerned. But their task deals with Great Britain and Canada, not with the commonwealth as a whole—except as their discussions would be incidental to that primary problem. Remember, there are other great areas in the commonwealth besides those which use sterling. I think what we need is to find a way whereby these credits can move freely between nations.

Mr. Abbott: They all use sterling.

Mr. Drew: They do not all use the pound.

Mr. Abbott: Yes.

Mr. Drew: No—not India or Pakistan.

Mr. Abbott: They are all in the sterling area.

Mr. Drew: They are in the sterling area; but there is a vast difference between the sterling area and the pound as a unit of currency.

Mr. Abbott: But they keep all their reserves in London. They settle international balances in sterling.

Mr. Drew: I am not questioning the fact that they are in the sterling area. I was speaking about currency.

Mr. Abbott: But only for internal use.

Mr. Drew: I am fully aware of that. And I am fully aware of this—and I emphasize it—that most of the nations outside this continent and outside the iron curtain are countries that are in the sterling area.

Mr. Abbott: No; only one or two outside the commonwealth.

Mr. Drew: There are countries—

Mr. Abbott: Iraq and Egypt.

Mr. Drew: They are trading freely in the sterling area today and are using sterling credits freely today. Some of those are countries where there are very large credits owing to the United Kingdom at this time, which perhaps could be tapped by a wider employment of those credits.

Now, I do strongly urge that, no matter what argument could have been regarded as sound before, this matter should be re-examined and that the government ought not to resist this suggestion that there be a conference of appropriate representatives of the nations of the commonwealth to consider this vitally important problem.

After all, if it is so important for this government to attend conferences of the United Nations, wherever they may be held, and if it is so important for this government to be represented on every subcommittee conference in the United Nations, or on every conference and every committee in connection with the North Atlantic Treaty Organization, or on the many other conferences indicated in the estimates now before us for consideration, then I say there should not be continued resistance to the suggestion that a conference is a good way to discuss problems, and to try to find solutions.

Suggested Commonwealth Conference

I know it is said that if Canada, as the one dollar country in the commonwealth, is to attend such conferences, we will be asked to do things and to make concessions it would be very unwise for us to make. I know it is suggested that the solution lies in the finding of ways to increase dollar holdings of sterling countries in the commonwealth. Mr. Speaker, this government has never suggested it was not ready to state its own position at any time. This government has never suggested that it was not capable of taking care of its own meetings with nations, whether within the commonwealth or otherwise. No matter what argument is put forward, that argument can be met, if it is one that is not acceptable to the government of Canada acting in the interests of the Canadian people at this time.

If there are barriers which cannot be overcome, then the sooner we know it, the better. If there are unreasonable barriers to be faced in connection with our trade with the United Kingdom or with any other nation in the commonwealth, let us know about it. Let us have these things out in the open. If we are going to deal with nations of the commonwealth in the manner we have in the past, and as we believe we can in the future, then no matter what objections there may be I say it is just as well to bring those objections out into the open, and to dispose of them right now.

Difficulties there are—great difficulties. This problem is not going to be solved by sitting back and trying to deal with it piecemeal. At this very moment the prime minister of Australia is in London discussing some aspects of their trade problems. Not long ago the prime minister of New Zealand was in London; and doubtless the prime ministers of other commonwealth nations will be there. How much better and easier it would be if they all met in a conference; how much easier it would be to call that conference together if Canada, the one dollar nation in the commonwealth, were the nation to suggest it.

I simply repeat in closing that if we were confronted with a military threat we would find some way of overcoming any obstacle of this kind to bring together our military strength in a common effort in the defence of our freedom. If our economic strength is the vital part of this struggle that we have been told it is then we should be just as willing to show initiative, vision and courage in overcoming these difficulties in the economic field and finding some solution to this problem which will be so much to the advantage of every one of us. With that in mind and with the hope that the government will recognize how greatly the situation has changed since this subject was first discussed, I move, seconded by the hon. member for Vancouver-Quadra (Mr. Green):

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

"this house is of the opinion that the government should consider the advisability of taking steps to convene at the earliest possible date a conference of the nations of the British commonwealth to seek means by which there may be convertibility of commonwealth currencies, and to explore all the possibilities for restoring and enlarging those traditional markets upon which our prosperity so largely depends."

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I am glad the leader of the opposition (Mr. Drew) was able to attend the opening yesterday of the Canadian international trade fair. I sincerely hope that every member of this House of Commons will make it a point to attend the fair during the two weeks it is in progress. It is a splendid eye-opener as to Canada's trade associations and it indicates the class of goods that we are importing from various countries as well as of the goods we export.

I think in many ways the fair this year is the best of the five that make up its history. For one thing we have a greater representation of Canadian firms than ever before. Over 50 per cent of the floor space of the fair this year was taken up by Canadian firms and the amount of space so taken up was double that of last year. I was rather discouraged last year because it did not seem reasonable that Canada should conduct a trade fair where the great preponderance of representation was from other countries. That worry has been removed and I think today we have a well-balanced trade fair.

The leader of the opposition mentioned that in the machinery section, exhibits from Germany, Holland, France and Belgium seemed to have the dominating position. There is a reason for that. In the fairs of 1950 and 1951 the machinery section was dominated by exhibits from the United Kingdom. The British Association of Machine Tool Manufacturers brought out an exhibit as an association during those years. Every firm in the United Kingdom was invited to contribute to that exhibit and we had a magnificent display of British machinery.

At the trade fair last year we were told that the association would not be coming out this year because this is the year in which an industry-wide machine tool exhibition is to be held in the United Kingdom. It is the practice in the United Kingdom to have such a display of machine tools every four years and this happened to be the year. However, I attended a dinner of British representatives

of the association last evening in Toronto and I was assured that the association would be back in Toronto next year as an exhibitor.

I was rather pleased to see the number of individual British manufacturers who are exhibiting at the fair. We have splendid exhibits of British packaging machinery, printing machinery, textile machinery and particularly road-building machinery. I was glad to see there my friend, a British manufacturer of road rollers, whom I like to hold up as a shining example of how British industry should tackle the Canadian market.

He came out here when we started the dollar drive and undertook to market a road roller. It looked quite different from any product in use in this country and we thought he would have a hard time. However, he has kept at it and at this fair he had road rollers with the name of about every prominent paving company in Canada on the sides. He assured me that he is doing all right.

That is the kind of spirit we would like to instil in British manufacturers of all types. Canada is the greatest market for British-made heavy equipment there is in the world today. We have not reached the position of the United States where practically everything in the heavy machinery line is manufactured. We import around $500 million worth of heavy equipment every year. That is business that could easily go to the United Kingdom. It is business that we urge them on every occasion to attempt to bring into their fold.

I think it was in 1949 I was invited to open the British industries fair. I spoke at the Mansion House before a largely-attended dinner of British industrialists and made somewhat the same speech that the leader of the opposition has made this afternoon. I pointed out the opportunities in Canada for British manufacturers and urged that we join in a combined assault on the interchangeability of currency. I advanced a good many arguments to show how trade between Canada and other countries of the British empire could be brought back to a healthy situation.

However, it is rather discouraging that there is not greater availability in the United Kingdom of goods for this market. As hon. members know, in connection with our preparedness efforts and our great capital investment program, we have been greatly in need of machine tools. I asked our machine tool controller to place a strong team in England in order to buy every machine tool that could be bought there. I wanted the United Kingdom to have first call on the Canadian market under existing conditions.

Suggested Commonwealth Conference

This government has been acting as buyer or agent for a good many users of machine tools in this country. The results of the controller's efforts were most discouraging. Last year Canada bought about $80 million worth of machine tools. We purchased $8 million worth in Canada; we were able to obtain $6 million worth in the United Kingdom; we bought $2 million worth on the continent; and we wound up by buying $64 million worth in the United States. Surely Canada cannot be blamed for that situation.

People say, "Well, open your doors to British tools". That was all we were able to buy; that was the total availability to Canada. Britain serves many countries and the demand in Britain itself was at a high level.

Mr. Macdonnell (Greenwood): Could the minister say whether they were manufacturing a lot in Great Britain and where they went to?

Mr. Howe: There is a large domestic market and I suppose the other markets served were the traditional markets of the United Kingdom such as Australia, New Zealand and other countries which ordinarily purchase machine tools in the United Kingdom. But we find that on every side. We find a lack of availability, or if availability is there the delivery date is too far in advance to be practical. We also find that orders placed in the United Kingdom with a reasonable delivery date have to be cancelled because the delivery date is pushed back and it is necessary for us to replace the goods in other markets. We had an example a short time ago. The Aluminum company was buying some heavy generator equipment, I believe it was, in the United Kingdom. The originally promised delivery date was all right but unfortunately it was first pushed back a year and then even that revised date was undermined as uncertain so that to permit proper completion of the project a rush order had to be placed in the United States for alternate equipment and the British order had to be cancelled. I am not blaming the United Kingdom manufacturers. They have their problems just the same as manufacturers in other countries. I am merely explaining why the tremendous market which is available in Canada is not being filled in greater proportion by the United Kingdom.

I was somewhat at a loss as to the timing of the speech of the leader of the opposition (Mr. Drew) on export trade. I thought at first it was prompted by his visit to the trade fair but the leader of the opposition rather got away from the ideas presented at the trade fair and covered the over-all trade situation.

Suggested Commonwealth Conference

Perhaps I might read an excerpt from some remarks I made a short time ago about Canada's trade. I said:

. . . in spite of other people's tariffs, dollar shortages, import restrictions, exchange controls, customs formalities, bilateral trade agreements, export subsidies, cutthroat competition and our own domestic problems so familiar to all, our exports during the first four months of 1952 have nevertheless been up 20 per cent, our imports down 7 per cent and our balance of trade, changing from a minus to a plus, looks about $326 million better than it did in the banner year of 1951.

Mr. Green: That would still mean a deficit?

Mr. Howe: Oh no, a surplus. There is a surplus for the first four months but I have not the amount here.

Mr. Green: But for the year.

Mr. Howe: It is $326 million better than it was in the first four months of last year. I think the credit balance at the moment is something over $100 million for the first four months. I went on to say:

Last year, as you know, represented an all-time high for Canadian trade which then for the first time exceeded $8 billion. Our imports last year from all countries increased by $911 million largely on account of defence purchases, new capital investments in Canada and anticipatory buying arising out of hostilities in Korea, and removal of all Canadian import controls. Our exports also increased by $806 million very nearly keeping pace with the increase in imports.

Last month, in April, 1952, our exports to all countries climbed by $50 million to $350 million, up from $300 million a year ago. For the four months of January to April inclusive our exports to all countries were up by $231 million, an increase of some 20 per cent compared with last year. Every month this year has shown a similar expansion. There was a slight increase in the value of sales to the United States, an increase of more than 40 per cent in sales to the United Kingdom and to other sterling area countries, and an increase of more than 70 per cent in sales to other countries, mainly Europe and Latin America . . .

As a result of these increasing sales and diminishing purchases our exports during the past four months substantially exceeded our imports, creating a favourable balance of $109 million as compared with an unfavourable balance of $217 million during the corresponding months of last year. It would be a crude interpretation of statistics to judge of our commercial and economic welfare solely on the basis of figures such as these, but in so far as they have significance for these purposes, it is interesting to note that the total improvement in our balance of trade, comparing the first four months of this year with the first four months of last, was approximately $326 million.

Changing price levels have had something to do with the improvement in the look of our trade statistics but not very much. The price of things that we import are lower than they were last year while the prices of things that we export are higher. The March, 1952, index number of prices of import commodities, prepared in the bureau of statistics, stood about 7½ per cent lower than it did a year ago while the index number of prices of export commodities stood about 3½ per cent higher. Thus a collection of Canadian export goods which in 1948 would have bought $100 worth of imports would have bought only $95.70 worth of similiar imports in March, 1951, while in March, 1952, their purchasing power in terms of imports had risen to $107.20.

What are the things that we have been exporting in such increasing quantities? Primary products have done well and so have manufactured goods. On the first quarter's records wheat and coarse grains were up about $40 million. Cattle and meat of course were down. Pulpwood and newsprint were up another $40 million. Nickel, copper, lead and zinc were up about $30 million, and miscellaneous chemical products were up $6 million. It is remarkable that there was an increase of nearly $78 million in exports of other manufactured and miscellaneous goods. In particular exports of iron and its products more than doubled, ranging from ores, alloys and rolling mill products to manufactured items. There were spectacular increases in farm implements, automobiles and parts, engines and locomotives, machinery for mining, metal working, bookkeeping and other purposes. There were also notable increases in aircraft and rubber manufactures.

I have quoted from an earlier public address to bring the picture back into focus. Instead of our exports representing a situation that is becoming more alarming I suggest that the reverse is the case. Certainly the trend of exports this year is very much more reassuring than I expected at the beginning of the year. The leader of the opposition made a great point about the effect of the foot-and-mouth disease. That is a calamity, and calamities are always costly. It is true that countries that are free from foot-and-mouth disease have cut off imports of cattle, swine and poultry from Canada and our exports are feeling the result of that action. It has been suggested that the whole fault lies in our leaving the British market, that we should have stayed in the British market and this would not have happened to us. If we had staying in the British market it would not have happened to us because there is foot-and-mouth disease in the United Kingdom and on the continent, and has been almost continuously for a great many years.

Why did we leave the British market? There were two reasons. One is that when the dollar shortage came the chancellor of the exchequer of that day told us that, much as they liked to deal with Canada and much as he appreciated our extraordinary efforts to keep Britain supplied with certain types of food during the war years, Britain could now obtain this food more cheaply elsewhere, and she therefore found it necessary to leave the Canadian market as a source of meat. Well, you might say, if our prices were too high, why not lower prices? Unfortunately, Canadians who produce our meat are not the kind to take any lower price than is available to them in the best market in the world.

The reason we left the British trade with our cattle, pork, poultry and certain other products, is that a very much better market

with higher prices was available across the boundary that separates our people from the United States.

There are many advantages in supplying the market to the south. Meat can be shipped as live weight, or shipped as chilled meat. Shipment to the United Kingdom meant selling not chilled meat but frozen meat, and it meant shipping the product a very long distance in refrigerated boats. I mentioned the other night that it is interesting to contrast prices in the source of supply now used by Britain as against Canadian prices. We found New Zealand, and I believe Australia, under contract to the United Kingdom to deliver all export beef to the United Kingdom at a price of 14 cents per pound f.o.b. ship. We have found what it costs us to put frozen beef on ship to the United Kingdom—and that price is 48 cents per pound.

Well, I do not think one need say anything more about why we prefer the United States market for meat products and poultry products. We prefer it because it is a nearer market, a more available market, and a market with vastly higher prices for the producer.

It has been said these trade barriers can be worked out; that we did go to the United Kingdom and to New Zealand and worked out an arrangement by which New Zealand beef would be supplied through a Canadian intermediary to the United States market, with Canada taking New Zealand's place in part in the United Kingdom market. That may sound like a very attractive arrangement, but I can tell hon. members it is very, very expensive to the Canadian taxpayer. I do not know what the bill will be, but it will be less than if such an outlet had not been arranged, and better for our producers than asking them to bear the loss involved in selling Canadian beef to Britain at the New Zealand prices. The discrepancy is in considerable part paid for in this transaction by the Canadian taxpayer. This transaction is not a type of trading that I would want to encourage on anything like a permanent basis.

I do not intend to disparage the help we have had from New Zealand, the United Kingdom and the United States, in working out a temporary makeshift solution to a very difficult problem. They have been most co-operative and we are grateful. I hope no one will confuse the emergency arrangement with the normal trade between the countries concerned.

Now, it has been said, and said frequently here, that we should not export raw material; that such form of export is all a mistake—that the material should be manufactured here and the manufactured goods sold instead.

That theory is so completely unsound that I am surprised that it is repeated so often. Every "have" country, every country rich in raw materials is in duty bound to export raw materials so that the "have not" countries may be able to exist. Suppose we adopted the principle laid down by the leader of the opposition and stopped exporting iron ore, stopped exporting lead, zinc, copper, nickel, and aluminum? I do not know what we could manufacture those products into that would be saleable in any country of the world, and I do not know what the countries depending on Canada for those metals would do to support their peoples.

Canada is immensely fortunate in that it is rich in those commodities the world needs and which the world is able to pay for, no matter what market conditions prevail in the "have not" countries of the world. Our exports of raw materials always have been the hard core of our trade. Without that hard core of exports, our export trade would have been in a state I would hardly like to contemplate. If we were only making goods that countries might like when prosperous but able to do without when things were tough, we would have in this country just about the most unstable economy that could be contemplated.

Fortunately we have an abundance of raw materials. I do not know of any material produced in this country that is in poorer supply today than when we first began export of the commodity. We all know that instead of a lower production of metals we have a higher production of metals. We all know that we have been able, by exploring and prospecting this rich country of ours, to become a very large scale exporter of iron ore which we formerly imported in almost our total requirements. We know, as we export that iron ore, that we are not depleting this country for future generations, because we have the commodity in abundance.

I hope there will not be any more talk of stopping export of raw materials and concentrating on finished goods. The idea is fantastic. It is a ridiculous proposal—

Mr. Drew: Mr. Speaker,—

Mr. Howe: I did not interrupt you.

Mr. Drew: —on a question of privilege.

Mr. Howe: I did not refer to you.

Mr. Drew: No, but I want to point out that I was very clear—

Mr. Howe: Relate it to the point of privilege.

Mr. Speaker: Is it a question of privilege?

Mr. Drew: Yes. I point out that what I said and said very clearly, was that I was not suggesting we should deny the availability of supply but we should use our own resources—and that is exactly what the minister has now said.

Mr. Howe: But that was not the first thesis as I understood it. The leader of the opposition said we should stop exporting raw materials and concentrate on finished goods. I cannot agree with that suggestion but I do agree that industry in Canada should have first access to Canadian raw materials. To the best of my knowledge and belief that access is theirs today and always has been—and I think always will be.

I do not know that I need to rehearse the government's attitude toward multilateral trade. Our policy has been preached from every platform. As I say, I have spoken from the Mansion House in the United Kingdom, I have spoken at Geneva, and always in the interests of promoting international trade on a multilateral basis. Every action that has been taken by this government in the field of trade has been in the direction of promoting multilateral trade. We have refused to enter into bilateral trade agreements which would be the antithesis of multilateral trade. We have refused to be stampeded into quotas, also the antithesis of multilateral trade. We have pursued a course which we believe leads in the direction we all desire, and we have been consistent in that course. We have urged every other country with whom we have trade relations to follow the same course.

It has been suggested that someone knows how to work out the problem of convertibility of dollars and sterling. I hope my hon. friend has the solution of that problem. If he has, and if he has a method for making dollars and sterling freely convertible, he is much too modest. I am sure that if he could formulate such a solution Mr. Churchill would be very glad to step aside and let the leader of the opposition occupy his exalted position—and I am sure he would be entitled to that great honour, because he would have found the key to the great obstacle that is interfering with world progress today.

Mr. Rowe: We might be able to use him over here.

Mr. Howe: Well, he has not yet produced the solution. We hope he will.

Mr. Rowe: We might use him in Canada.

Mr. Howe: You will be holding him in reserve for quite a while.

Mr. Macdonnell (Greenwood): The minister has not yet said anything against the resolution.

Mr. Rowe: He has not reached the resolution yet.

Mr. Howe: I do not think the resolution is important. I do not think I will deal with it. I will leave it to the individual consideration of each member of the house, and let each vote as he feels inclined. I try not to dwell too heavily on the obvious. If hon. members opposite, particularly the hon. member for Kamloops (Mr. Fulton), would adopt that principle, the session would be much shorter.

It has been suggested that we should have conferences. In the seventeen years that I have been a member of the government I do not know when Canada has ever refused to attend any conference to which she has been invited by any member of the commonwealth. Ordinarily we attend trade conferences two or three times a year, at least. I attended a conference of commonwealth ministers in September of last year. My colleague the Minister of Finance (Mr. Abbott) attended a conference of all commonwealth finance ministers in January of this year. I may tell you, Mr. Speaker, that that conference was not simply to discuss financial problems. The Minister of Finance had with him the top trade team of this country, representing trade experts from the departments of finance, external affairs and trade and commerce. The meeting of finance ministers was followed by a full-dress conference for the discussion of trade problems. Other conferences will be called and I can assure you, Mr. Speaker, that Canada will be in attendance and, as she always does in conferences of British nations, will be doing her utmost to free the barriers of trade within the commonwealth.

My suggestion, however, is that trade within the commonwealth, in times such as these, cannot be the complete answer to keeping Canada prosperous as far as international trade is concerned. Canada puts forth an effort to trade with every country in the world. We are represented in almost every country in the world. It is because we have that flexibility of outlook that we have been able to sell Canada's excess products, that we have been able to maintain an expanding level of trade and thus keep Canada prosperous.

I think it is worth noting that as we have lost, through quota systems and prohibitions, our markets for manufactured goods in the United Kingdom and in other commonwealth countries, we have been able in large part

to replace that lost market for manufactured goods with markets in South America and elsewhere. We are constantly on the alert to find new trade openings; and in that effort I believe we have been reasonably successful.

We are told by hon. members opposite that the United States market is a dangerous one; and we are told that the closing of the United States market in 1930 brought on the depression. I do not like to remind hon. members of the fact that it was not the closing of the United States market that brought on the depression; it was brought on because the United Kingdom stopped buying wheat in this country for the reason that they considered the prices at which wheat was held in this country too high. Huge surpluses of wheat and other cereals piled up, and that was the situation that brought the price of wheat down to some 30 cents a bushel at Fort William.

I do not think any country can afford to tie its trade too tightly to any other single country. The trading position of Canada must be kept flexible. We must know what is going on in every country in the world in order to be able to anticipate measures that will interfere with our trade with a particular country, and as necessary to be able to find an alternate market for the product, the marketing of which has been interfered with.

I think perhaps I have taken my full time, Mr. Speaker. I want to say that if I believed the amendment to this motion would bring about convertibility of currencies or would bring about a strengthening of our trade with the United Kingdom, I would be glad to vote for it. But as I believe that the amendment would bring about no worth-while result whatever, I cannot go quite that far. As usual, I will have to oppose the amendment moved by the leader of the opposition (Mr. Drew).

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the subject that has been opened up this afternoon is one of tremendous importance. In fact the whole question of trade, not only among the nations of the commonwealth but among the nations of the entire world, is extremely important to the prosperity, the well-being and, indeed, the survival of mankind. In fact we feel that the importance of the question before us transcends the limits of the amendment which has been moved by the leader of the opposition. I may say that many views with which we do not agree were expressed by the leader of the opposition this afternoon, but in so far as the amendment goes we feel that it should be supported.

I should like to point out that the wording of the amendment moved this afternoon by the leader of the opposition closely parallels the wording of an amendment moved by his colleague the hon. member for Lake Centre (Mr. Diefenbaker) on February 28, 1950. Perhaps I might be permitted to put the two amendments on the record at this point. The amendment moved this afternoon by the leader of the opposition asks that the usual words be deleted and that the following words be substituted:

> this house is of the opinion that the government should consider the advisability of taking steps to convene at the earliest possible date a conference of the nations of the British commonwealth to seek means by which there may be convertibility of commonwealth currencies, and to explore all the possibilities for restoring and enlarging those traditional markets upon which our prosperity so largely depends.

The other amendment to a motion to go into supply to which I have already referred, which was made on February 28, 1950, by the hon. member for Lake Centre, is found at page 308 of *Hansard* for that year. After the usual introductory words it reads as follows:

> this house is of the opinion that the government should take immediate steps to convene at the earliest possible date a conference of the nations of the British commonwealth and the countries of the empire to devise policies to restore our lost markets, and thereby to provide jobs for our Canadian people.

Hon. members will notice that the two amendments are much the same. The only difference of note is that in the amendment moved this afternoon the leader of the opposition has made reference to that difficult problem, the convertibility of commonwealth currencies. When the amendment was moved on February 28, 1950, some three members of this group—our leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), the hon. member for Vancouver East (Mr. MacInnis) and the hon. member for York South (Mr. Noseworthy)—spoke on the amendment and indicated that we were prepared to support it. It was made clear on that occasion, however, that we were prepared to support the amendment on the understanding that it did not purport to establish a restrictive type of trade within the countries of the commonwealth alone. We felt that the proposal asked for every effort to be made to increase trade within the countries of the commonwealth, without detracting from trade between Canada and other nations of the world. Indeed it is our feeling that if we can increase trade among the commonwealth nations we will be doing a service not only to Canada and the other nations of the commonwealth; we will be doing a service to the entire world. We will help to stimulate world trade and to bring to all the nations of the world the advantages that flow from trade.

Suggested Commonwealth Conference

It is because the amendment that has been moved this afternoon, while it asks for a conference of commonwealth nations to discuss trade within the commonwealth, does not restrict trade to commonwealth nations, that we are prepared to support the amendment now before the house.

When we look at this whole question of trade it is desirable that we ask ourselves some simple and fundamental questions. Why is trade important? Why are we so anxious to increase the flow of trade throughout the world? The leader of the opposition (Mr. Drew) emphasized its importance to the prosperity of our various nations. He also emphasized its relationship to our defence effort. We agree. But he also had a good deal to say about the desirability of freeing trade so that individual men and women might pursue their individual initiative and vigour in the custom and manner of days gone by. With that aim we disagree. We do not think of trade quite in those terms; we do not think of it as an activity to be left to the exploitation of individual traders. We believe that trade between nations, like the division of labour within a community, adds to the economic wealth of the nations that participate in that trade. Trade adds to the economic wealth of the world, and it is for that reason that we feel every possible step should be taken to increase our trade with the other nations of the commonwealth, and indeed with all the nations of the world. To do this means not less activity by governments, but an even greater effort on their part.

Let us not forget the simple rules about foreign trade that most of us probably learned when we studied the rudiments of economics. We know that even though we may be able to produce each of a number of products cheaper than some other country can produce those same products, nevertheless it is to our mutual advantage to produce for trading those products in connection with which we have the relatively greatest advantage. It is a proposition that can be demonstrated not only in theoretical terms; it has certainly been demonstrated in practice, and it does behoove us to pursue the policy of the widest possible trade.

I said a moment ago that we are concerned for expanded trade not to provide a field for exploitation by individuals. We are anxious to have the greatest possible flow of trade so that the people of our country, the people of other countries whose economies at the moment might be on a par with ours, and in due course the people of underdeveloped countries might enjoy the higher standard of living which is possible by applying labour power to the resources the world possesses at the present time. Therefore, Mr. Speaker, we feel that any move that can be taken to facilitate trade, even a conference to discuss ways and means of increasing it among a selected group of countries, is all to the good; and we do not like to see the government turn down a suggestion of that kind.

The last words of the former debate to which I have already referred, namely, the one which took place on February 28, 1950 on the same subject, were spoken by the hon. member for Vancouver East (Mr. MacInnis), when he said, as recorded in *Hansard* of that year at page 337:

> Whether or not a conference of this kind would accomplish anything, surely it would be an advance if we could bring the nations of the commonwealth close together—the commonwealth now is both east and west—and find out more definitely what each nation has to sell and what each is willing to buy. Surely if we did not do anything more than make an advance in that direction, the conference would be worth while. Unless those who are opposed to such a conference have some better solution for meeting our economic problems, they certainly should not turn this one down without giving a serious consideration indeed.

It is in those terms, Mr. Speaker, that we feel this motion should be considered. We recognize that it should go further. We recognize that our concern is for trade amongst all the nations of the world, not just some of them; but here is a step in the right direction. Here is a move, the aim of which is to increase the trading that takes place and thereby to help to raise living standards, and we feel that it should be supported.

We made it clear on the occasion of the previous debate that we did not agree with any of the restrictive measures that might seem to be implied in a conference of commonwealth nations only. If the leader of the opposition had indicated that this was a request for the calling of the kind of conference that met in this city in 1932, our attitude toward it would be different. But so long as the purpose of this conference is to expand trade, to take positive measures in that direction, as I have already indicated we are prepared to give it our support.

Now, Mr. Speaker, discussing this whole question of trade and its importance to the whole world, I feel that perhaps I can do no better at this point than quote part of what my colleague the hon. member for Vancouver East had to say on this question when the subject was debated on the previous occasion to which I have already referred. At page 336 of *Hansard* for 1950 he said:

> In my view this would not necessarily be a serious matter were it not for the fact that, as I see it, the present deterioration in trade and in world economic conditions follows a pattern we know so well. That was the pattern after the last war, when we had a few short years of economic activity when we were urged by businessmen to produce

more and consume less. But shortly came the debacle, when a great many people could not consume at all, not because the things were not there to consume but because something had gone wrong with the exchange of commodities both between nations and within the nation.

The hon. member for Vancouver East went on to say:

At the present time we see the very same pattern developing. When we finished the war we had a tremendous backlog of needs to be met, both in consumer and capital goods. This was more so with the countries of Europe than on this continent of North America, but in four or five short years we have overcome that backlog of consumer needs, we have added to our capital resources so that now we can supply a greater amount of goods and services than ever before. Now, the paradox of the situation is this: just when we are better equipped than ever before to supply the needs of our people and raise the standard of living, the standard of living is going down.

Hon. members are aware that this is true. Despite the larger number of dollars people may have in their pockets, and despite the greater volume of production of which Canada now boasts in terms of our gross national product, the fact of the matter is that the value of those dollars has so decreased that we are not maintaining the health and living standards of our people. I wish to quote a bit further from the observations of my colleague:

How far that deterioration may go on this particular lap I do not know; but if we do not find some way to distribute the wealth we can produce so abundantly, nothing can save us from falling into a depression such as we had from 1930 to 1939, from which we were rescued by the war.

That is the paradox of our time. We find ourselves confronted in the world of the fifties with capacity to produce simply undreamed of. Yet at this very time, when we have it within our power as a civilization to produce a standard of living that would be a blessing to mankind the world over, instead of moving toward that condition we find ourselves on the brink of disaster of one kind or another. The fear of war, or the fear of economic collapse, is with us daily.

Surely the direction that we should take in an effort to resolve that paradox is to aim at the greatest possible production of goods and services, and at the widest possible distribution of those goods and services, not only within a nation such as our own but among all peoples the world over. It has been put this afternoon in economic terms by the leader of the opposition (Mr. Drew) and by the Minister of Trade and Commerce (Mr. Howe), that this whole question of trade is a two-way street. That is a truism often repeated; and how true it is, that we cannot expect people to buy the goods we produce unless we are prepared to buy goods from them.

Suggested Commonwealth Conference

We of this group see it not only in its economic terms but in human terms, in terms of human progress, in terms of the survival of our civilization. We feel that unless we can find ways not only to produce an abundance of goods but also to distribute those goods where they are needed, our civilization stands in imminent danger. That effort to distribute, as I have already said, must be carried out on two fronts. It must be carried on among our own people and it must be carried on across the world. Indeed, it is our responsibility to make for the widest possible distribution of the surplus wealth we can produce on this North American continent, and to distribute it among the backward and undeveloped nations of the world.

The leader of the opposition this afternoon said, and rightly, that this whole question of trade among the nations of the commonwealth, and among western nations generally, is vital to our defence. We agree; but we would emphasize the fact that it is not only a matter of supplying each other mutually with the arms and weapons of defence in a military sense, but it is even more important to our defence that by production of an abundance of goods and services, by distribution and by trade we improve the prosperity and well-being of all our own peoples in the western nations, and that we do everything possible to improve the well-being and the standard of living of peoples in other parts of the world.

We are conscious of the fact that we are up against a stubborn enemy today. That enemy is using two weapons. He is using the weapons of war, and he is also using the weapon of an idea. That idea, to some of the people to whom it is being sold, may be an illusion. But the enemy is using the weapon of that idea, for he claims that he knows a way of enabling people who are now hungry to get food, and people who are now in poverty to enjoy a higher standard of living.

Even if the idea he is using as his chief weapon is an illusion, the fact remains that it is making headway; and one of the reasons it is making headway is that we are not using it sufficiently ourselves. I submit it is our task in the present world situation to make use of both weapons ourselves; and we are in a position to do so—and to do so to so much greater advantage.

I need not spend time on the fact that we are in a position to develop the military side of our defence program. We are doing that; indeed we may be overdoing it. But what about that other weapon, the weapon of the idea that people do not have to live in perpetual hunger, want and poverty, whether

they are in the great industrial cities of North America or in the backward countries of south and southeast Asia. I submit it is our task to develop our ideas about trade, not only in terms of the prosperity that can come to us by freer trade but also in terms of what we can do to sell a better idea than the enemy is trying to sell to the backward, starving and impoverished peoples in large areas of the world.

It was this sort of idea I had in mind when in my opening remarks I indicated that in my view the subject that has been opened up this afternoon transcends in importance the precise terms of the amendment offered by the leader of the opposition (Mr. Drew), and transcends the importance of doing what we can—desirable and important as that may be—to improve the prosperity and well-being of our own land and those other nations associated with us in the commonwealth.

I have already taken the liberty of quoting at some length from a speech by my colleague, the hon. member for Vancouver East, on February 28, 1950. I should like to quote further from what he said on that occasion, as it is reported at page 337 of *Hansard* for that year:

> In my opinion, it is not just a question of improving Canada's trade position, it is a question of international prosperity—the prosperity of the countries of the western world. But it is more than that; it is as much a part of our defence against aggression as is our military preparedness. If we do not keep the western world prosperous, we will lose out in the struggle with the totalitarian world. Let us remember that to maintain the prosperity of the western world is part of our defence against aggression. It is for that reason this question is so important. That is why increasing unemployment and falling markets are so important to everyone who believes in co-operation and peace.

May I interject to suggest that it does not matter where people are feeling the pinch of falling markets, or where people are suffering from unemployment; whether it be in North America, Europe, Asia, or wherever it may be, it is a matter of importance not only to them, but likewise to those of us in Canada and to the peoples of the whole world. I quote further:

> We also must not forget that we cannot have co-operation in military matters to defend ourselves against an enemy, and have trade wars between the co-operators. Surely the time has arrived when we should see that that sort of economics no longer fits the needs of the world of 1950.

What was said on that occasion as applying to the world of 1950 applies with equal strength to the world of 1952. And so, Mr. Speaker, in what I have said I have attempted to indicate that while we would like to see something broader than what has been proposed by the leader of the opposition, so far as it goes it is a contribution. Anything that will make it possible for a group of nations such as the nations of the commonwealth to sit down and discuss ways and means of expanding trade and improving their prosperity and well-being is a contribution not only to the people of Canada and the other nations of the commonwealth but also a contribution toward the prosperity and well-being of the whole world. It is a step toward progress. It leads away from poverty, suffering and starvation of which there is far too much amongst the peoples of the world, and toward that better standard of living which today we have it within our power to provide. Any step in that direction should be supported.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I have only a few words to add to what my colleague the Minister of Trade and Commerce (Mr. Howe) has said in connection with this amendment. I think every hon. member in the house would be in agreement with the purposes of the amendment. We are all anxious to see the currencies of the trading nations of the world made fully convertible. We are all anxious to explore—I am using the language of the amendment—all the possibilities for restoring and enlarging those traditional markets upon which our prosperity so largely depends. Like my colleague, if I thought that another conference would really advance either of those objectives I would heartily support the holding of such a conference.

As he pointed out, we are attending commonwealth conferences every year, sometimes several times a year, at which questions of trade and convertibility are discussed. The most recent one I attended was in London in January when a conference of finance ministers was held at which this and related questions were discussed at considerable length.

There are certain points we should bear in mind when we are discussing this question of the convertibility of currencies. I suppose I need not remind the house that the currency of one of the commonwealth countries, Canada, is and has been for over a year fully convertible. The currencies of all the other commonwealth countries, with the exception of South Africa, are based upon sterling; that is to say, the reserves of gold and foreign exchange are held by the Bank of England. When any of those countries earns dollars or other foreign currency as a result of its trading operations that currency is turned in to the Bank of England which gives it a sterling credit in exchange.

I think it is pretty well recognized that one of the requisites for the convertibility of any currency is that there should be adequate reserves of gold and convertible foreign exchange to back it up. I have not the

slightest doubt that the United Kingdom and the other commonwealth countries are just as anxious as anyone else to make sterling convertible. But they feel they cannot afford to take that risk until their reserve position is sufficiently strong to enable them to do so. When that can be done, of course, is a matter of judgment.

I have been going to commonwealth finance conferences for about six years, and have had the opportunity of discussing these matters with four chancellors of the exchequer. In every case I have pointed out that in Canada we did not believe that the continuation of discriminatory quantitative restrictions was the road to convertibility. I have pointed out that while we recognize that measures of this kind were no doubt necessary as a temporary expedient, they were no longer the appropriate cure in the long run and that the final solution for the convertibility of a country's currency lay in internal measures as well as external, and primarily in measures of internal policy.

That being the case, the time and the conditions under which the currencies of other commonwealth countries will become convertible will depend upon a decision to be taken primarily by the government of the United Kingdom which holds the reserves of gold and foreign exchange of those countries and which acts as banker for them. At the conference in January the question of convertibility was discussed, and it was laid down as a principle that the sterling area countries should work toward convertibility. Needless to say we most heartily endorsed that objective. We are only too ready to do what we can to facilitate it.

May I say in passing that for the past four or five years Canada has at least done her share toward achieving that end by making a contribution in the form of loans to countries in the sterling area of something in excess of a billion and a quarter dollars. Where the decision to be taken is essentially for the countries whose currencies are now unconvertible, under those circumstances it does seem to me that it would be quite inappropriate for Canada to initiate another conference following the series of conferences that have been held, at which we have been represented and at which we have endeavoured to make our views crystal clear. It would be quite inappropriate for Canada to suggest that a conference of commonwealth countries should be called to determine when and how the currencies of other members of the commonwealth should be made convertible.

Suggested Commonwealth Conference

It is for that reason and on that aspect of the amendment that I feel it would be quite improper for us to make such a suggestion.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I want to say just a word on this amendment and I want to make it clear that the words I am going to say will apply only to the amendment. For that reason I want to put it on record. The amendment reads:

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

"this house is of the opinion that the government should consider the advisability of taking steps to convene at the earliest possible date a conference of the nations of the British commonwealth to seek means by which there may be convertibility of commonwealth currencies, and to explore all the possibilities for restoring and enlarging those traditional markets upon which our prosperity so largely depends."

The reason I put that on the record is the fact that on other occasions this party has strongly stressed that some steps should be taken to make possible the convertibility of other currencies, particularly those of the sterling area, so our trade would not be hampered by the United Kingdom being short of United States or Canadian dollars. I well recall that not long ago when the Minister of Agriculture (Mr. Gardiner) was in England he made the statement—I speak only from memory but I think I am close to being correct—that dollars should not stand in the way of greater trade between Canada and the United Kingdom, particularly in view of the fact that Great Britain was so greatly in need of goods we can produce, when she desired them to the utmost and the only reason she could not get them was that she did not have the dollars.

The Minister of Finance (Mr. Abbott) and the Minister of Trade and Commerce (Mr. Howe) have pointed out that on many occasions they have attended conferences of one kind and another at which convertibility and trading matters were discussed, yet nothing material had developed. That indicates to me that it might be necessary to have a special conference called such as is indicated by the amendment to try to come to some conclusions whereby the convertibility of currencies might be achieved.

We are particularly in need of foreign markets for our agricultural products. It has been stressed on many occasions by members of this party and others that there is a great need for export markets for agricultural goods. Only a week or two ago Dr. E. C. Hope, one of the outstanding economists in this country, who is attached to the Canadian Federation of Agriculture, made a statement that the net income of agriculture this year would be greatly reduced compared with

1950 and 1951 because of the falling off of our trade. Certainly everyone acquainted with agriculture can see quite readily that agricultural production is dropping, and it is not because we have not the facilities to increase production or because there is a shortage of actual markets. The people of these different countries are greatly in need of our agricultural production, and the only thing that stands in the way is the difficulty of paying us in dollars. In the past we have achieved wonderful successes in other lines, and it seems to me it should not be impossible for all the commonwealth countries, and others as well, to get together for the express purpose of ironing out the difficulty of convertibility of currencies. It should be possible to find some method.

In fact I will go so far as to say that when the hon. member for Acadia (Mr. Quelch) was speaking in the house not long ago on this very subject he gave the government some very good suggestions as to how they might go about it. Because the hon. member for Acadia has discussed this matter on many occasions, has advised the government on possible ways of doing it and has pointed out the necessity of having convertibility of currencies so those countries which are in need of our goods may obtain them, thus increasing Canadian production not only in agriculture but also in other lines, I think it is not necessary for me to go further into the matter at this time. I merely want to make it clear that in supporting this measure as we intend to do we are only supporting the amendment outlined by the leader of the opposition.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, the amendment seeks to focus the attention of members of the house on a problem we believe is of great importance to Canada at the present time, namely the position of our trade with the other nations of the commonwealth. Your Honour will notice that it merely asks the government to consider the advisability of taking steps to convene at the earliest possible date a conference of the nations of the British commonwealth to seek means by which there may be convertibility of commonwealth currencies, and also to explore all the possibilities for restoring and enlarging those traditional markets upon which our prosperity so largely depends.

I believe it is fair comment that in this debate the Minister of Trade and Commerce (Mr. Howe), one of the two ministers primarily concerned with this difficult problem, rose and spoke immediately after the leader of the opposition (Mr. Drew), before there had been any opportunity for representatives of the C.C.F. and Social Credit parties to make their submissions with respect to the amendment, and then having made his speech got up and left the chamber.

Mr. Fournier (Hull): You often leave the chamber yourself.

Mr. Green: So does the Minister of Public Works (Mr. Fournier).

Mr. Fournier (Hull): Certainly; and nobody blames you for it.

Mr. McIlraith: When the estimates of the Department of Trade and Commerce were being considered and this matter was discussed, very few of your members were here.

Mr. Green: I believe that action shows very clearly how little the Minister of Trade and Commerce—

Mr. Fournier (Hull): You are all wrong.

Mr. Green: —is concerned with suggestions—

Mr. Fournier (Hull): Wait until he is here to speak to him.

Mr. Green: —for meeting this serious situation.

Mr. McIlraith: There were not many of your members here for the estimates of the were before the house on the 15th of May, when this subject was being discussed.

Mr. Green: If the hon. member for Ottawa West (Mr. McIlraith) wants to ask a question, let him get up and do so.

Mr. McIlraith: I wonder if the hon. member for Vancouver-Quadra (Mr. Green) can tell us how many members of his party were present when the trade and commerce estimates were before the house on the 15th of May, when this subject was being discussed.

Mr. Rowe: Neither can you.

Mr. Hees: How about the rump? There are only two there.

Mr. Green: I would hate to ask the parliamentary assistant to tell me how many members of any party were here on many occasions, because he is seldom here himself.

Mr. Rowe: You have no rump at all now.

Mr. Green: The Minister of Trade and Commerce having walked out on the debate after saying in effect that there was nothing to the amendment, that it could not possibly help the situation, and that he knew what was best for Canada so why should he bother with suggestions from anybody on the other side of the house, a representative of the C.C.F. party then spoke. As soon as he had taken his seat the Minister of Finance (Mr. Abbott) rose and spoke instead of allowing

a representative of the Social Credit party to speak, which is the usual course in the house.

Mr. Fournier (Hull): Did he go out, too?

Mr. Green: He said he was not interested in the amendment, that he did not think it amounted to anything, and having delivered a few wise words he walked out of the house.

Mr. Fournier (Hull): That is what you are going to do when you are through. You will walk out.

Mr. Rowe: He is not going to do it until six o'clock.

Mr. Green: We are reduced to the position where we have to depend on the Minister of Public Works.

Mr. Fournier (Hull): And he is quite dependable.

Mr. Green: I am afraid it is a great waste of time to try to teach him anything about trade.

Mr. Fournier (Hull): You try hard.

Mr. Green: However, I shall do my best to overcome that handicap.

Mr. Rowe: Keep quiet and listen and you will learn something.

Mr. Green: This question is particularly serious for the province of British Columbia. I propose to say a few words about the difficulties that people in certain occupations in that province are having by reason of the present situation in commonwealth trade. Before proceeding to point out those difficulties, I think it would be well for the members of the house to realize that there are certain basic facts in existence at the present time which cannot be talked away by either the Minister of Trade and Commerce or the Minister of Finance. They are in existence and they must be faced. The first is that the proportion of Canada's trade which is with the British commonwealth has been steadily falling. In 1938 our exports to commonwealth countries amounted to approximately 48 per cent of our total exports. Imports from commonwealth countries amounted to about 30 per cent of total imports. Last year we find that this trade had fallen until it was down to 20 per cent. The very fact that there has been this great decrease in the proportion of our trade with the commonwealth is sufficient to justify the calling of a conference such as is suggested by the amendment.

Another fact which must be borne in mind is that Canada is steadily becoming more dependent on the United States for both her export and import trade. I have here the annual report of the Department of Trade and Commerce for 1951. At page 12 of that report we find a heading "Outstanding changes in the distribution of the trade of Canada". Then a chart is given which shows that in 1950 Canada's imports from the United States amounted to $2,130 million; I am just using round figures. In 1951 that figure had gone up to $2,812 million, an increase of 32 per cent in our imports from the United States as between 1951 and 1950. Our exports to the United States for those two years went up from $2,021 million in 1950 to $2,297 million in 1951—an increase in exports of only 13·7 per cent as against the 32 per cent increase in imports.

The report sets that out:

> Over the year as a whole, imports from the United States as the chief source of imported materials, components, capital equipment and consumer goods increased by no less than $682 million or 32 per cent, while exports to that country increased by $277 million or 13·7 per cent.

It goes on as follows:

> While our debit balance resulting from merchandise trade with the United States thus increased by some $405 million, there was an increase of $291 million in the favourable balance resulting from trade with other countries. Exports to countries other than the United States increased by $519 million or 47 per cent, and reached a total of $1,617 million, while imports from such countries increased by $291 million or 22 per cent and reached a total of $1,272 million. In trade with the United States—

And these are the significant words:

> In trade with the United States, we had a surplus of imports over exports of more than $515 million...

—in excess of what we sold. This same trend of increase in our dependence on the United States has continued in 1952. The Minister of Trade and Commerce (Mr. Howe) gave some figures this afternoon, but while he was speaking I received the *Canadian Statistical Review* for May of this year. We find on page 7 that during the first quarter of 1952—

> The value of both exports to and imports from the United States showed a small gain of 2 per cent, but while in the case of exports this increase was due to the price factor alone, in imports there was some increase in volume. The share of the United States in Canada's imports increased to 76 per cent from 72 per cent in the first quarter of 1951 . . .

In other words, 76 per cent of our imports came from the United States in the first quarter of this year.

> . . . while only 55 per cent of our exports went to that market—as opposed to 65 per cent in the first quarter last year.

In other words, while we had a larger and larger percentage of imports from the United States, we have exported during the first three months of 1952 somewhere—

Mr. McIlraith: That is not what that says.

Mr. Green: Pardon?

Mr. McIlraith: It is because exports to other countries were up in the first quarter.

Mr. Rowe: Because you lost the British market.

Mr. McIlraith: Exports to other countries were up, and I am just correcting the interpretation.

Mr. Green: The fact I am trying to emphasize, Mr. Speaker, and which I think must always be kept in mind, is that Canada is becoming more dependent on the United States for export trade.

The third factor we must remember is the position of the United Kingdom. I have here the publication of the Department of Trade and Commerce for May 24, 1952, entitled *Foreign Trade*. We find at page 630 a list of the United Kingdom's customers in 1951 in order of importance. We find first of all Australia, to which the United Kingdom sold £323 million worth of goods; South Africa, £165 million; then Canada, £137 million; the United States, £136 million; India, £115 million; New Zealand, £110 million; and so on. The statement follows that Canada dropped from second best customer of the United Kingdom, which position she held in 1950, to third best customer in 1951.

We also find a statement with regard to this situation in the *Canadian Statistical Review* for May on the same page from which I quoted a few moments ago with regard to our trade with the United States. There we read this about exports and imports from the United Kingdom and other commonwealth countries:

> Export to the United Kingdom and to other commonwealth countries showed sharper gains of 28 per cent and 56 per cent respectively, but imports from these countries were 26 per cent and 32 per cent below the value of the first quarter 1951. During the first quarter most of the major commonwealth countries announced intensified import restrictions designed to reduce the drain on the sterling area's gold and dollar reserves. The sharp increase in exports to these countries registered in the first quarter is therefore unlikely to be typical of all later quarters.

Foreign Trade for May 24 sums up the outlook for British foreign trade as follows:

> The outlook for the United Kingdom's foreign trade in 1952 is not encouraging. Efforts to correct the balance of payments position include a reduction of imports and an increase of exports, and prospects for greater sales of dollar goods in the U.K. are therefore poor. It is unlikely that basic raw material imports from Canada will be seriously affected, but any commodity not essential to the economy will probably be held to the minimum or eliminated.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

BURRARD INLET TUNNEL AND BRIDGE COMPANY

Mr. Arthur Laing (for Mr. Sinclair) moved that the house go into committee to consider Bill No. 239, respecting the Burrard Inlet Tunnel and Bridge Company.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

On section 1—*Directors.*

The Chairman: I should perhaps point out that this bill has been considered and reported, without amendment, by the standing committee on railways, canals and telegraph lines.

Mr. Cruickshank: Mr. Chairman, I presume we may have from the sponsor a further explanation of this bill?

Mr. Knowles: In absentia?

The Chairman: Shall clause 1 carry?

Some hon. Members: Carried.

Mr. Green: No, Mr. Chairman; we should like to have a statement from the sponsor.

Mr. Cruickshank: I should like to have a further explanation from the sponsor.

The Chairman: May I point out that usually the explanation of the bill is given on first reading. When second reading takes place a further explanation is given if it is required. This bill has had second reading and has been considered and reported by the standing committee on railways, canals and telegraph lines. We may now have a discussion on clause 1 of the bill.

Mr. Cruickshank: Mr. Chairman, with due deference to those who come from the province of British Columbia, who did not happen to be members of that committee and who are vitally interested in this bill, surely we are entitled to have from the sponsor some explanation of the bill. We did not have the privilege of sitting on that committee. Surely we are entitled to an explanation which I am sure the acting sponsor will be glad to give us.

Mr. Green: Mr. Chairman, I suggest to the hon. member for Vancouver South (Mr. Laing), who I understand is acting on behalf of the sponsor, that he meet the wishes of the hon. member for Fraser Valley and explain the bill.

Mr. Laing: Mr. Chairman, if I may meet the wishes of the hon. member for Fraser Valley and also the wishes of the chairman, I shall attempt to do so.

The amendments contained in this bill respecting the Burrard Inlet Tunnel and Bridge Company are slight. The history of this company was somewhat checkered in that they had a serious accident in connection with the bridge several years ago. The then Vancouver harbour commissioners, now the national harbours board, took over the responsibility of the bridge under an agreement with the company; and included in that agreement was provision for the payment of a sum of $35,000 and an undertaking to repair the damage to the bridge resulting from an accident in connection with a ship. This involved the removal of a bascule span and the installation of a straight lift span at a cost of $1 million. It was part of the agreement that the bridge would be returned to the company—which is a public company, the shares all being owned by four municipalities that are served in the area—as soon as the sum of approximately $1,035,000 was discharged. That debt is now discharged and the bridge has been returned to the company which, as I say, is the four municipalities which it serves.

The first amendment amends section 7 of the act of incorporation, which provides that the directors of the company shall be the mayors or reeves of the four cities or municipalities concerned. The councils of those cities and municipalities are desirous that any member of the council may be appointed as a director rather than a requirement that it be the mayor or the reeve of the municipality. It would not be compulsory for the mayor or the reeve to sit. Under this amendment the mayor or the reeve could be appointed, but any other member of the council likewise could be appointed. That explains section 7.

Section 8 is amended to provide for clarification of the word "tolls". This is a bridge which has railway tracks in the centre and a roadway on each side. The company is desirous of entering into a twenty-one year agreement with the Canadian National Railways with respect to the use of the rails. They want to make certain that their authority in respect of the tolls on the roadway is absolutely clear, and that they have the authority to charge tolls for motor vehicles and even for pedestrians. That is why this provision is put in. There is also a provision which indicates that they will have power, under regulation, to enforce speed limits and so on on the roadways on the bridge. I think we can assume that the regulations they make will be in accordance with the provincial law respecting speed limits and that they undoubtedly will coincide with the bylaws of the municipalities concerned. I think it is entirely reasonable to suppose that this authority is being asked because, in all likelihood, the speed limit they will require on that bridge will be somewhat less than the provincial minimum speed limit.

The last amendment amends section 14, which has to do only with the correction of names. Some of the railway companies with which agreements will be reached, and involving wheelage by the Canadian National Railways across that bridge, were incorrectly named. All this section does is give those railways their correct names.

The Chairman: Since it is unusual, may I say, to ask the sponsor for an explanation on the first clause of a bill in committee, perhaps I should point out that at page 2521 of *Hansard* of May 23, 1952, when this bill was given second reading, the sponsor gave an explanation. Therefore tonight we have had a repetition of the same explanation.

Mr. McIvor: I will be brief. One of the reasons a bill of this kind is sent to committee is to save the time of the house, and also to give anybody and everybody who are members of the committee an opportunity to ask questions. Second, we have the witnesses there in order to give all information. As chairman we had the hon. member for Pictou, who is conspicuous for his patience and his intelligence. I think it is a wise thing to send bills of this kind to a committee so we do not have to go over the whole thing again after we come back to the house.

Mr. Green: I am glad to support this bill because I think these four municipalities which own the company known as the Burrard Inlet Tunnel and Bridge Company deserve great credit for the enterprise they have shown in connection with the bridge.

The company was formed in 1910, and the bridge was built in the 1920's, I believe, at a time when there was no connecting bridge whatever across the harbour at Vancouver. The bridge at that time filled a great need. It has been of great importance in the development of what is known as the north shore, comprising the municipalities of the city of North Vancouver, the district of north Vancouver and the municipality of west Vancouver. In addition, it has helped greatly in the development of the city of Vancouver itself.

As the hon. member for Vancouver South has said, one of the spans of the bridge was knocked out some few years after the original erection. That resulted in a change in the type of bridge, and then the depression came along and eventually the government had to step in to help with the bridge. In recent years the indebtedness to the government has been paid off and the company, which

is owned by the municipalities, has taken the bridge back. They require the amendments contained in this bill in order to facilitate their business operations. Because of that fact I personally am very glad to support the measure.

Mr. Cruickshank: I should like to say just a word in connection with this bill. I have no desire to take up any unnecessary time, and I agree with what my hon. friend for Vancouver South has said. I almost agree with what my friend the hon. member for Fort William has said, except he forgot to mention the head of the great lakes.

I had the privilege of representing the people concerned in this bill for several years when the original sponsor was serving in Sicily and Italy. I represented his riding, then known as Vancouver North and now Coast-Capilano. He is to be congratulated, and I think the temporary sponsor, the hon. member for Vancouver South, is to be congratulated for giving such a clear-cut story of the bill, in spite of the fact that it does not please my friend the hon. member for Fort William. I admit that it is difficult to satisfy him.

Perhaps some of you do not know the exact position this bridge occupies between the third city of Canada and the fast-growing fourth city of Canada. We have in Vancouver, Mr. Chairman, not only the third industrial city in Canada but the third in population. And joined up by this and another bridge we have what I might describe as the most scenic cities in the Dominion of Canada, West Vancouver and North Vancouver. I heard interjections from behind me that they are now eighth and ninth. I believe the interjection came from Nova Scotia. Then to my left I heard interjections from Toronto, which is a very fine city, Mr. Chairman, and will be following Vancouver for many years to come. But this bridge is to connect these two great cities, the one the great industrial and port city of the Pacific ocean and the outlet for the Dominion of Canada to the whole Pacific ocean and the great Asiatic market we have before us, and the cities of West Vancouver and North Vancouver.

There is another thing in connection with it, because railroads are brought into the picture. I notice that the names of certain railroads are mentioned in one of the paragraphs here. Some day the Pacific Great Eastern, through the efforts of my good friend from Cariboo, will be brought down and will connect the great port of Vancouver and North Vancouver, bringing down all the produce of that great district, northern British Columbia and northern Alberta, and making it available to the great market we have for the future in Asia.

I am sure the hon. member for Cariboo will have a few words to say in this connection. If we do not have this bridge there is no possible way that we can have a connection between the great cities of West and North Vancouver and Vancouver, Mr. Chairman, the third largest city in Canada, which will be the largest city in Canada within ten years.

I do not want to delay this legislation, but I do hope that in the absence of the original sponsor of this bill, who is serving us all at the United Nations in New York, we shall all see fit to support it.

Mr. Knowles: May I ask the hon. member for Vancouver South a question? I note that this section refers, as do other sections of the bill, the title and preamble, to the Burrard Inlet Tunnel and Bridge Company. All of those who have spoken on the matter this far have referred to the bridge. What is the significance of the word "tunnel"?

Mr. Laing: This company was formed first in 1910, when in the city of Vancouver, as today, we had people with great ideas. One of the ideas they had was to build a tunnel under the port of the city of Vancouver. Instead of that it took from 1910 to 1923 before they acted, and they finally acted by building a bridge instead of a tunnel.

Mr. Knowles: I take it, however, that the original act would still empower the company to build a tunnel if it wished to do so?

Mr. Laing: I believe that is correct.

Section agreed to.

Sections 2 and 3 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

IRENE MARY JOHNSON MUIRHEAD

On the order:

Second reading of Bill No. 215 (Letter L-7 of the Senate), intituled: "An Act for the relief of Irene Mary Johnson Muirhead"—Mr. Winkler.

Mr. Deputy Speaker: There are several divorce bills to come up for second reading.

Mr. Weir: Stand.

Mr. Knowles: Mr. Speaker, there are four bills on the order paper in connection with which the printed evidence has not been distributed. I should hope that at least those four will be permitted to stand.

Mr. Deputy Speaker: According to the remarks of the hon. member for Winnipeg North Centre, the four bills about which printed evidence has not yet been distributed could stand. Shall we proceed with the second readings of the other bills?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Then perhaps the hon. member would indicate the numbers of those bills.

Mr. Knowles: The four bills for which the printed evidence has not been distributed are Bill No. 215, order No. 22; Bill No. 220, order No. 23; Bill No. 300, order No. 48 and Bill No. 302, which is order No. 50.

Order stands.

SECOND READINGS—SENATE BILLS

Mr. David A. Croll (for Mr. Winkler) moved that the following bills be read the second time:

Bill No. 252, for the relief of Kathleen Hilda Turk Woodall—Mr. Winkler.

Bill No. 263, for the relief of Leo Kendall—Mr. Winkler.

Bill No. 269, for the relief of Judith Sorel Riven Gainsbury—Mr. Winkler.

Bill No. 280, for the relief of John Harold Roger Wright—Mr. Winkler.

Bill No. 281, for the relief of Agathe Neubauer Landsberg—Mr. Winkler.

Bill No. 282, for the relief of Norma May Attridge Chilton—Mr. Winkler.

Bill No. 283, for the relief of Andrea Gendron Repper—Mr. Winkler.

Bill No. 284, for the relief of Edith Bessie Franks Parsons—Mr. Winkler.

Bill No. 285, for the relief of Annie Teresa Nash Pelltari—Mr. Winkler.

Bill No. 286, for the relief of Mary Clemence Morice Waldbauer—Mr. Winkler.

Bill No. 287, for the relief of John Gordon Smithers—Mr. Winkler.

Bill No. 290, for the relief of Libby Levine Bloom—Mr. Winkler.

Bill No. 291, for the relief of Shirley Israel Thau—Mr. Winkler.

Bill No. 292, for the relief of Ralph Patrick Barker—Mr. Winkler.

Bill No. 293, for the relief of Madeliene Kostick Glock—Mr. Winkler.

Bill No. 294, for the relief of Olive Myrtle Weston Rouet—Mr. Winkler.

Bill No. 295, for the relief of John William Day—Mr. Winkler.

Bill No. 296, for the relief of Marcelle Marchand Adams—Mr. Winkler.

Bill No. 297, for the relief of Marie Marguerite Germaine Aubert Forest—Mr. Winkler.

Bill No. 298, for the relief of Betty Lauraine Conner Norell—Mr. Winkler.

Bill No. 299, for the relief of Francoise Marguerite Beaudin Patrick—Mr. Winkler.

Bill No. 301, for the relief of Greta Mildred Duncan Croteau—Mr. Winkler.

Bill No. 303, for the relief of Leo Bercovitch—Mr. Winkler.

Bill No. 304, for the relief of Joseph Raymond Demers—Mr. Winkler.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before this motion is carried I should like once again to register my protest that we are doing this at all.

An hon. Member: We have heard that before.

Mr. Knowles: Someone says we have heard that before—and he will continue to hear it. There are a great many people in this country who hope the day is not far distant when we may get rid of this method of handling divorce, because they feel parliament is not the place to deal with individual divorce cases.

The remarks I made the other night, when we dealt with 60 of these cases—tonight we have only 24—would apply equally on this occasion. At that time I said that far too many of these cases are alike. They are cases where the evidence has been collected by professional detectives. In fact two of these detectives—and I do not propose to advertise them by giving their names—appear so often that it seems to me they might as well be appointed to the Senate. They are over there most of the time, anyway.

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

EQUITABLE FIRE INSURANCE COMPANY OF CANADA

Mr. Charles Cannon (Iles-de-la-Madeleine) moved the second reading of Bill No. 262, to incorporate Equitable Fire Insurance Company of Canada.

Mr. Cruickshank: May we have an explanation?

Mr. Cannon: Yes. This is a bill to incorporate an insurance company. The purpose is to take over the assets and liabilities and assume the rights and obligations of a provincial insurance company which was incorporated in the province of Quebec. The provincial company was incorporated in 1901 and has been carrying on business ever since as a fire insurance company.

Most of the clauses of the bill are to permit the company to operate as a mutual

insurance company. It will sell insurance both on a cash premium basis and on the mutual basis. The board of directors will be elected, one third by the mutual policyholders; the capital will be half a million dollars, and the amount of capital that is to be subscribed before the company can begin business will be $100,000.

Section 6 of the bill enumerates 26 kinds of insurance the company wishes to be authorized to sell. It will be covered by the Canadian and British Insurance Companies Act, 1932. The main purpose of the company is the sale of fire insurance. At the meetings each shareholder will have one vote per share, and each policyholder will have one vote per $1,000 of insurance. This bill has passed the Senate and has been approved by the superintendent of insurance. I would ask that after second reading it be referred to the committee on banking and commerce.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I should like to ask a question in connection with this bill; and I am not asking my friends to answer this question. This is an important bill concerning which I think the sponsor gave a very fair explanation. However, I am interested.

I see that it is going to cover different kinds of insurance, from A to Z. I may be wrong, but I understood the hon. member to say that the paid-up capital is to be $100,000. I understand the company has been operating under a provincial charter. I take from the hon. member's remarks that it is now to be brought under a dominion charter. It was only in yesterday's newspapers that I read about a trust company in one of the towns in the constituency of my good friend opposite. That company went haywire with a million dollars' worth of so-called assets. I believe it was a town called Perth, which is up around here somewhere.

I would like some further assurance that a company with paid-up capital of only $100,000 is in a position to handle all these different kinds of insurance. I see sprinkler leakage insurance is mentioned. I do not know what that means, but having listened to some of the speeches around here by hon. members sponsoring some of these bills, I could make a good guess. Am I correct that there is only $100,000 in paid-up capital?

Mr. Cannon: Mr. Speaker—

Mr. Deputy Speaker: When the hon. member speaks he will close the debate.

Mr. Cannon: I believe the question asked by the hon. member for Fraser Valley might better be asked when the bill is in the committee to which it will be referred. In any case I shall answer him by saying that this is a successful insurance company that has been operating since 1901 and has more than a million dollars in assets. So the hon. member need not be afraid that it will not be able to meet its obligations.

In connection with a company of this kind there is always a *pro forma* declaration as to what the capital will be, and a statement as to the minimum amount of capital to be subscribed before it can begin business. The capital is $500,000, and the minimum amount to be subscribed is $100,000. I can assure the hon. member that much more than $100,000 will be at the disposal of the company when it starts to do business.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

NATIONAL DENTAL EXAMINING BOARD

Mr. J. L. MacDougall (Vancouver-Burrard) moved the second reading of Bill No. 278, to incorporate the national dental examining board of Canada.

He said: Mr. Speaker, I feel greatly honoured in being able to present this bill because the president and secretary of the Canadian dental association were both classmates of mine. It has taken them thirty years to finally evolve a program with respect to the standardization of certificates which is now universally accepted by every province in the Dominion of Canada. Before I pass on to a short explanation of the bill may I pay tribute to the hon. member for Queens-Shelburne (Mr. Smith) who had he been here in all probability would have presented this bill instead of myself. As we well know, misfortunes befall us all and I am sure I express the feeling of every hon. member in this house when I say how much we regret that the hon. member is not here to either present this bill or to assist in its presentation.

The object of the legislation is to make it possible for dental practitioners to establish by a single set of examinations that they possess the training and qualifications to meet the requirements of the dental licensing board of the province in which they desire to practise.

Provision is being made for the establishment of a national dental examining board which would establish standards, arrange for examination of candidates, issue certificates of qualification and maintain a register of qualified persons. Consideration has been given to the retention of the autonomy of the provincial licensing boards. Each province will have one member on the national board, the additional two members to make up a total membership of twelve being from the

Canadian dental association. Any province may withdraw from participation in the plan on twelve months' notice.

The board referred to in the bill will not issue licences; it will simply issue certificates of qualification which will be recognized by each participating province and the licensing board thereof. This plan is recommended by the Canadian dental association and has been evolved after consultation and negotiation with the licensing bodies of the provinces, which negotiations have extended over a period of years. The plan is analogous to that followed by the Canadian medical association with respect to medical practitioners. Chapter 129 of the Revised Statutes of Canada, 1927, sets up the medical council of Canada. The provisional members of the board are the president, the president-elect and the registrar-secretary of the Canadian dental association.

In conclusion I want to point out clearly and distinctly that the governing bodies in the different provinces have worked on this scheme for some thirty years and agreement has finally been reached with each province, including our newest province of Newfoundland. This legislation will not take away one iota of the authority of the provincial governing bodies or the Canadian dental association, but it does bring into being something that has been long desired by practising dental surgeons in this country. Having graduated they feel that they should be allowed, after having obtained a proper certificate of qualification, to practise in any province they may choose, which they cannot do at the present time. I would move that this bill be referred to the standing committee on miscellaneous private bills.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I want to congratulate the sponsor of this bill upon the excellent way he has presented it. I would naturally expect him to do that, coming as he does from the province of British Columbia. Perhaps hon. members do not realize that the hon. member for Vancouver-Burrard (Mr. MacDougall) has actual knowledge of what he is talking about in connection with dentistry. I also have some practical knowledge along that line which I can prove by producing the bills I paid last year.

I believe this is a step in the right direction, but I should like to know if members of this profession will be able to practise in each and every province provided they are able to pass the provincial examinations. There is another profession which is probably as well known as the dental profession and which is certainly as well represented in this House of Commons, perhaps too well represented. I understand that in the province from which the sponsor of this bill comes, if I am not mistaken—

An hon. Member: Probably you are.

Mr. Cruickshank: I hear it said that probably I am mistaken, but as that comes from a member of the legal profession it is just what I would expect. As I understand it, they have a closed shop in British Columbia and it costs $1,200 for a lawyer of sufficient ability to move into the province to practise.

An hon. Member: More than that.

An hon. Member: $1,500.

Mr. Cruickshank: I realize that means very little to a member of that great profession. He could probably get it from just one case. I should like to know whether a young dentist, say from Newfoundland, will have to pay $1,500 in order to come out to God's country in British Columbia to practise, just as a lawyer must? As I say, $1,500 probably means very little to a member of the legal profession, as he can probably get that from one case. Judging by what it cost me last year, it would probably take a dentist two patients to raise that much. I understand that the measure is dominion-wide in its application. In all seriousness I should like to ask the sponsor of the bill whether there is any limitation as to the minimum or maximum that an applicant moving from one province to the other, provided he passes the examination, will have to pay.

Mr. MacDougall: Mr. Speaker—

Mr. Deputy Speaker: If the hon. member speaks now he will close the debate.

Mr. MacDougall: The question the hon. member for Fraser Valley (Mr. Cruickshank) has raised is a very sane one. The situation is slightly different from the regulations governing the fees associated with the medical or legal professions. I ask the hon. member to recall that in presenting the bill and making a short explanation I pointed out that the provinces still have complete jurisdiction with respect to the fees they may charge for the admittance of a new practitioner into the profession within a particular province. That is not governed on a dominion-wide basis so far as the dentists are concerned. If there are various members of the profession in the province of Quebec who wish to practise in British Columbia, then as Canadians they are entitled to go from one part of Canada to another and practise their profession once they have secured the standardized certificate called for in the bill.

I cannot give my hon. friend the exact fees now charged. There is no mention of it in the bill. I know that when I graduated almost thirty years ago the whole question was in an uproar because one or two provinces would not agree to admit the holder of a dominion dental certificate. As I said before, it has taken thirty years to complete these final arrangements under which all provinces have agreed to the standardization of the certificate. So far as the question asked by the hon. member for Fraser Valley is concerned, I think he will find that the regulations in each province are different. Over the past thirty years British Columbia and Quebec were the two principal provinces that were invariably out of step with respect to the Canadian Dental Association Act, but now they are all unanimously agreed. I thank the hon. member for his question.

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

BOUNDARY PIPELINE CORPORATION

The house resumed, from Friday, May 30, consideration in committee of Bill No. 62, to incorporate Boundary Pipeline Corporation—Mr. Larson—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. Decore: Mr. Chairman, the purpose of the bill now before us is the granting of a charter to another pipe line company, and I intend to support it. Other companies have made similar applications to the house, have appeared before the standing committee and have been granted charters. The granting of a charter to this company will simply allow them to proceed to do business. Whether or not the pipe line will be built will depend on a lot of other factors. I should also like to point out that I am in favour of the export of natural gas from the province of Alberta, but when I say that I believe there are certain conditions and reservations with respect to such export. That is where probably some hon. members of the Social Credit party, and also the hon. member for Calgary West, will differ with me.

There are two schools of thought in Alberta with regard to the export of natural gas. One school urges the rapid exploitation of our natural gas reserves for the purpose of making speculative profits now regardless of whether or not future long-range industrial requirements can be met. The other school of thought believes there should be export of natural gas if and when Alberta's future industrial needs are adequately provided for. It is simply an orderly long-range policy for the purpose of making the maximum use of Alberta's natural resources at home by the development of industry.

If Canada is going to become a strong nation I believe every province must prosper and develop. Alberta is simply one of the three prairie provinces. We in Alberta, Saskatchewan and Manitoba have tremendous natural resources, but one of the greatest resources of any country or province is its population. One of the things we are lacking today in the prairie provinces is population. Some sixty years ago Edward Blake lamented "an empty west, empty still". If you compare the 1901 census with the 1951 census you will note that fifty years after the opening and growth of the west it still has nowhere near enough population to sustain it. In fact the 1951 census shows that after a scant fifty years of growth the west has entered a period of decline, and when I refer to the west I mean the three prairie provinces.

Let us take the province of Alberta. In my opinion the census figures for 1951 do not portray a true picture of what has happened there. You will see that there is an increase in population of some 140,000, but a very important factor is not taken into account, namely the natural increase. By "natural increase" I mean the number of births over and above the number of deaths. If you were to take the 1941 population and add to it the natural increase, and if you did not allow anything for people coming into the province from other provinces or other countries, you would find that in the province of Alberta there has been a net loss of population in the last ten years of 9,500 people. The results for Saskatchewan and Manitoba are much more disastrous. You will note that in the three prairie provinces the net loss in population amounts to a quarter of a million people. In other words we have not only failed to attract people to the three prairie provinces; we have failed to keep people who were already there. The prairie provinces are essentially agricultural in nature. As an Albertan I say that what we want in Alberta are industries, and the same is true of Manitoba and Saskatchewan. Already industries are coming in as a result of our natural gas. We want more industries coming into Alberta so our young men and women can find not only jobs but better opportunities in that province; so they will not have to go to the end of the pipe line seeking better opportunities.

I understand that in the province of Quebec during the last forty years people have been allowed to cut timber as long as it could be processed into pulp. The result has not only benefited the province of Quebec but it has been of great benefit to the whole dominion of Canada—somebody may want to say, "to the realm of Canada".

Some people like to compare Alberta with Texas. When you consider Alberta, it is my submission that it is hardly a fair comparison because my information is that before Texas agreed to export natural gas from that state they were assured that they had some 90 trillion cubic feet of natural gas. In Alberta, according to the figures we have—and there are various figures—we have only somewhere around four trillion cubic feet of natural gas. In other words it is not fair to compare Texas with Alberta, although we would like to be in the position of Texas.

Alberta can be compared to the state of Montana immediately south of us. I understand that some years ago the state of Montana started to export their natural gas. What has happened today? In order to sustain one of their industries, the Anaconda copper industry, they have had to beg for natural gas from the province of Alberta. They ran out of natural gas.

We believe, lacking other proof, that the fields of Montana are just a continuation of those in Alberta. In other words we do not want to be placed in the same position as that state. That is why I would much prefer an orderly, long-range policy, making the maximum use of our natural resources to strengthen Alberta and Canada as a whole, rather than acting as a voice for the speculator.

Mr. Chairman, if you noticed, the hon. member for Peace River has seen fit to pour a certain amount of abuse upon some individuals, me in particular, by referring to me as an adolescent. He made the same reference to the leader of the Liberal party in Alberta, and he made the same reference to the hon. member for Charlotte. I do not know whether I want to answer or follow the same method of argument. I think I will just leave him entirely alone, but I would like to make some reference to what has been said, or to at least why in my opinion most of the members of the Social Credit group in this house oppose this particular bill.

In order to explain that, I would like to read a letter which appeared in the Calgary *Albertan* under date of March 28, 1952, directed to all associated with the oil industry. This letter, incidentally, was sent out by one R. C. Noble, secretary-treasurer of the Social Credit group in Calgary and J. Leslie Hill, president of the Social Credit group in Calgary and also, I understand, vice-president for Alberta. This is what the letter—

Mr. Wylie: Mr. Chairman, on a point of order this has nothing to do with the bill before the house.

Mr. Gibson: Tell that to B.C.

Mr. Wylie: If letters are to be read, I have plenty of statements here I will read if I have the opportunity tonight, regarding what the Liberal leader in Alberta said. If the hon. member for Vegreville is going to be allowed to read his letter I think each one of us should have that opportunity. What the hon. member is going to read is something that has nothing to do with the bill before us. If you allow this to go on, this bill will never get through this session.

Some hon. Members: Hear, hear.

The Chairman: With respect to the point of order raised by the hon. member for Medicine Hat, it was unfortunate that he was not present in the house on every occasion—

Mr. Wylie: I was.

The Chairman: If the hon. member was present he must have listened to speeches which were just as much out of order or perhaps more out of order than this one has been. It is very difficult for the chairman to intervene in a discussion carried on in the manner in which discussion on this bill has been carried on. If I stop the hon. member now I am reminded that I should have stopped some other hon. members before, and that I will perhaps have to stop some hon. members after this speech. I am in the hands of the committee.

Mr. Graydon: Careful you don't talk it out.

The Chairman: As the hon. member for Peel suggests, I should not be guilty of talking it out.

Mr. Johnston: I have no intention of doing that either, but I just want to get your ruling clear. The hon. member is going to read a letter which will imply that the sponsors of the letter were going to solicit campaign funds.

Mr. Decore: I didn't say that yet.

Mr. Johnston: If you give me the same right, there is a series of letters indicating where the Liberals get their money.

The Chairman: The hon. member for Lethbridge made a speech on the first clause of this bill, following which the hon. member for Vegreville made a speech. On the next occasion on which this bill was discussed, the hon. member for Peace River made a speech.

Mr. Johnston: We cannot hear a word.

The Chairman: If the hon. members in that corner would be kind enough to listen to what I am saying I think my voice would reach them much better.

Mr. Wylie: We have one of the Liberals here and he cannot hear you either.

Some hon. Members: Nine o'clock.

Section stands.

The Chairman: The hour for private and public bills having expired, the house will resume consideration of the matter under discussion at six o'clock.

SUPPLY

The house resumed consideration of the motion of Mr. Fournier (Hull) for committee of supply, and the amendment thereto of Mr. Drew.

SUGGESTED COMMONWEALTH CONFERENCE—TRADE AND CONVERTIBILITY OF CURRENCIES

Mr. Green: When the house rose at six o'clock, Mr. Speaker, I was speaking in support of the amendment which was moved by the leader of the opposition and which urged that the government take steps to convene a conference of the nations of the commonwealth for the purpose of seeking means by which there might be convertibility of commonwealth currencies and exploring the possibility of restoring and enlarging the traditional markets within that commonwealth. I had pointed out that in connection with our trade there are certain basic factors which must be kept in mind in a discussion of this sort, particularly the fact that the proportion of Canada's trade with the commonwealth has been steadily falling in recent years until it is now only 20 per cent of our total export trade. I had also pointed out that we are becoming steadily more and more dependent on the United States for our export trade. In the third place I had pointed out the unfortunate position in which the United Kingdom now finds herself, by reason of which that former great customer of ours has been compelled to cut down on her purchases of goods from Canada.

One other basic fact in connection with Canada's external trade which I wish to place before the house this evening is the similar situation which prevails with regard to our trade with Australia and New Zealand. In the years before the war those two sister dominions were among our best customers. At one time Australia was our third largest customer. We now find that she has slipped away down the list until she is seventh.

I have here the annual report of the Department of Trade and Commerce for 1951. On page 13 thereof we find a list of Canada's leading export customers during the calendar year 1951. In first place stood the United States with purchases of $2,298 million; in second place was the United Kingdom, very much below the United States but with purchases of $631 million. In the third place we find Belgium and Luxembourg with total purchases from Canada of $94 million. In the fourth place it is surprising to find Japan with purchases of $73 million. I am wondering how much of that amount is accounted for by iron ore from British Columbia which is being purchased by Japan and sold back to us at a greatly increased price in the form of steel. In fifth place was Brazil with $54 million; then the Union of South Africa with $53 million; and in seventh place was Australia with only $49 million worth of purchases during 1951. Then there follow eight other nations, namely Italy, France, Germany, India, Norway, Mexico, Venezuela and The Netherlands, making a total of fifteen named altogether. New Zealand is not even in the first fifteen whereas back before the war she was at one time, I think, our fifth best customer. The trade situation between Canada and Australia and New Zealand is therefore extremely bad. That matter is, of course, of great interest to us on the Pacific coast. The figures I have given are for exports only, and I presume the figures for imports which Canada has purchased from Australia and New Zealand would show an even worse picture.

To come down to the actual problems which are facing our people in British Columbia in connection with export trade, I would point out to the house that we are being badly hurt in that province because of the reduction in trade within the commonwealth. This afternoon the leader of the opposition explained the extremely difficult position of the cheese producers in Ontario and Quebec by reason of the loss of the British market. In my province we have lost entirely our market in the United Kingdom for canned salmon; we have largely lost our market for lumber and we have lost entirely our market for apples. These are some commodities which the Minister of Trade and Commerce (Mr. Howe) did not mention this afternoon. He spoke about materials in which trade has increased. I admit at once that in the strategic materials, such as metals, there has been an increase which has been brought about because those metals are required by the United Kingdom for defence preparations. But they do not give the whole picture. A conference is needed in order to meet this situation in such commodities as canned salmon, lumber and apples.

To deal first with the canned salmon, may I say that our salmon canning industry was greatly worried early this spring when it was announced in Great Britain that there would be a slash in the imports of certain commodities. Britain has been our best export market for canned salmon, and it was feared that we would lose it by reason of those cuts. In due course that was what happened. About the middle of April Britain announced that she would not buy any canned salmon from Canada during the present year. That meant the loss of a business

which ran to over $6 million per year. It was an extremely serious blow for our salmon packers and also for the men engaged in the fishing industry; in fact it was a serious blow for the whole province.

Last month the fisheries council of Canada held their annual meeting in Vancouver. They dealt with this question of the export market for canned salmon and passed a strong resolution which urged the government, just as we are urging today, that it should explore every avenue of action with a view to broadening the area of export markets available to Canadian fishery products. The resolution went on to point out that many countries still want our fish but cannot get it because of exchange obstacles. These men in the industry pointed out that the industry can try to make the price attractive, but only the government can lick the dollar-sterling problem. How true is that observation.

We find statements being made by the Minister of Fisheries (Mr. Mayhew), who is the only British Columbia representative in the cabinet. I have here a dispatch from a little publication put out by the province of British Columbia from their overseas office in London. It is dated June, this present month, and is headed "B.C. and the British Market". It refers to a statement made by the Minister of Fisheries (Mr. Mayhew) at this meeting of the fisheries council, and quotes him as follows:

"We haven't lost the British market for B.C. salmon. It has been postponed. I don't like the idea to be held that it's gone permanently. It's only been delayed because the British had to delay it. Their people are still really hungry for Canadian canned salmon."

What we object to is the government sitting back and doing nothing to remedy this situation. It was not very many days after the meeting of the fisheries council until word was received that the United Kingdom had purchased a large quantity of Russian salmon. In that deal they bought about one-third of the total amount that previously had been purchased from British Columbia. This development may mean that our market for canned salmon will be lost to Russia, if you please.

I hold in my hand a press dispatch containing a statement made by Mr. S. M. Rosenberg, who is one of our leading fishing men on the west coast to the following effect:

"It's a real disappointment when your best customer turns to another source. But the industry has known for several months that the British were unlikely to buy any this year, for the first time in many years."

The article goes on:

Recently the head of the British purchasing mission in Canada, Sir Andrew Jones, told the canners that buying would be postponed until some means had been found to finance it, or until the exchange picture changed as regards the value of sterling in terms of Canadian dollars.

Mr. Rosenberg is quoted as not blaming the British. He said this:

"If the British had their choice they would buy in Canada rather than Russia," said Mr. Rosenberg. "It's the old story of the currency trouble. They can't buy from us if we don't buy enough from them."

That situation should not be allowed to continue. It was dealt with by the Vancouver *Province* in a leading editorial on May 21, entitled "A barter deal in salmon?", and reading in part as follows:

If Agriculture Minister Jimmy Gardiner can work out a three-way barter deal in meat between Canada, Great Britain and New Zealand, why can't Ottawa do something similar to recapture the British market for canned salmon?

News that British Columbia has lost about a third of its British market for canned salmon to the Soviet states is shocking news.

Nobody blames the British. They are being forced to deal with Russia by their lack of dollars.

Whatever kind of trouble it is, it is trouble that should be fixed before it gets any worse. We are losing a lot of canned salmon business. We may lose a lot of other business. Britain wants to buy our B.C. fish, fruit, lumber, minerals and other products but she can't do as she wishes because of her dollar shortage.

The editorial ends up with this paragraph, which I think is very appropriate at this time and in this debate:

If countries bound together in friendship and mutual interests can't trade freely together and are forced to do business with a country that is regarded as a common enemy, we are in a pretty fix.

Somewhat the same situation exists in lumber. I have here an editorial from *Western Business*, which is a very responsible business magazine published in Vancouver. I am reading from the issue of April, 1952, dealing with the position of our lumber industry:

British Columbia's lumber industry, mainstay of the province's buoyant economy in the past 15 years, is faced with a serious deterioration of its fundamental position, its overseas markets have suddenly closed with the renewed austerity programs of the U.K. and sterling areas so that only a trickle of business is coming from these markets which took nearly 43 per cent of B.C.'s lumber production last year. Bulk buying of the past 12 years by Britain, which gave Canada an assured forward position for as much as a year on an important part of the lumber cut, is now a thing of the past. Private U.K. buyers are underfinanced to meet Britain's needs and must obtain treasury permits to expend scarce dollars for lumber. Australia has cancelled import permits for lumber. Other markets are similarly controlled so that for the first time in the history of the B.C. lumber industry there is such an un-free overseas market as to make the selling of lumber at some negotiated price virtually impossible at present.

In the next month, May, we find the same story in the annual report of B.C. Forest Products Limited, one of our large lumber

producers. The president of that company is E. P. Taylor of Toronto, and in his annual report he described the situation as follows:

> Immediate prospects are poor for selling any large volume of our products at profitable prices to our overseas buyers. It appears that this industry will have to concentrate its sales in the North American market to a greater extent than ever before. It is unlikely that a market can be found which in price and volume will replace those overseas markets now denied this industry.
>
> Mr. Taylor said the poor prospects were due to world-wide exchange difficulties. Last of the company's large British orders will be filled during the summer.

The same situation exists with apples. We produce the finest apples in the world in the interior of British Columbia.

Mr. Nowlan: Do you say that with a smile?

Mr. Gibson: Agreed.

Mr. Green: One of their best markets has been the United Kingdom. In addition, they have had markets in other portions of the commonwealth. That market is now gone, and unless some steps are taken to meet this exchange and trade situation Canadians will suffer. Let us leave out of the picture for the time being the consideration of the injury done to other parts of the commonwealth. Let us stress the fact that Canadians are going to suffer because of this situation; and in these three industries, salmon canning, lumber and production of apples in my province Canadians certainly are suffering.

Efforts have been made by the trade itself, both the Canadian trade and the British trade, to meet this situation. For example, less than a month ago a group of British manufacturers set up in Vancouver what is described as an import centre. They have done that in a move to promote trade between Great Britain and the west coast of Canada. One of the British spokesmen for that movement described what they were trying to do by this import centre when he spoke in Vancouver just a short time ago. I wish to quote a few paragraphs from the statement, because it sets out the situation very clearly. He said:

> Our object is intensive exploitation of the Canadian market for British goods so that the natural trade between the two countries can be restored and expanded.

The article goes on:

> He hopes the plan will mean many U.K.-bound ships out of B.C. ports with grain, lumber, canned salmon, mine concentrates, aluminum ingot, beef and bacon. On return trips, these ships would unload a greatly expanded volume of British engineering goods and consumer manufactures. British importers and agents would open many new offices here; they also would establish processing and finishing plants.

Mr. Forbes goes on to say:

> There is a "pent-up demand" in the U.K. for B.C. lumber for houses, salmon for the table and the whole range of foods that Canada once supplied. The list includes beef, pork, cheese and fish. Canada continues a major supplier of wheat.
>
> B.C. exporters of lumber and fish, who haven't a future order on file from Britain, traditionally the big customer for these products, have their representatives at the Vancouver meeting.

That is an excellent move, and I hope it will help to meet the situation. But surely the government can do something to help solve this problem. As a preliminary step we advocate the calling of this conference of the various nations of the commonwealth. I do not believe that either the Minister of Trade and Commerce (Mr. Howe) or the Minister of Finance (Mr. Abbott) this afternoon gave one valid reason for not calling that conference; in fact, the impression I gained was that they were not very much worried about the whole situation, and were inclined to laugh off the amendment offered by the leader of the opposition (Mr. Drew).

I suggest to them and to the house that such a conference could do no harm, and it might be a great help. Surely it is worth while to do something to meet this situation. The meat deal, the deal made for the disposal of our beef, shows at least one thing, and that is that when a situation is tough enough some kind of remedy can be found. I am not saying that this barter deal was wise or the best move that could have been made; but the government got into the position where something had to be done, and the deal resulted.

There is just as great need to take some steps about this convertibility question, and the question of our trade with the commonwealth. I can only regret that the ministers have taken the attitude that they will have nothing whatever to do with this proposal for a conference.

You know, sometimes we do not take advantage of our position in the commonwealth. We do not go after the benefits we could get if we were a little more aggressive. I should like to close my remarks by quoting a statement made by the president of the board of trade in the United Kingdom last month. Dealing with the possibilities for trade within the commonwealth, and speaking on the eve of the commonwealth trade day at the British industries fair, he said:

> What is important for us is to share a common aim and that aim should be the development of our resources and the expansion of our trade. That is not a narrow selfish policy. I firmly believe that by developing the commonwealth we shall increase the trade we do with other nations, and thereby enrich the world.

All we are asking is that the government of Canada adopt a policy at the present time with that same objective in mind.

Suggested Commonwealth Conference

Mr. G. C. Nowlan (Annapolis-Kings): Mr. Speaker, Kipling has said that—

> East is east, and west is west,
> And never the twain shall meet.

That certainly is not true of this debate. We have just heard the hon. member for Vancouver-Quadra (Mr. Green) speak in support of the amendment and point out the full importance of the matters envisaged in the amendment to his own province on the Pacific coast. I say, sir, that those matters are of equal importance to those of us in eastern Canada. In fact I believe I can say they are of even greater importance than on the Pacific coast, if that is possible.

In the first place the markets across the ocean, the markets in Great Britain, have been traditionally those of the maritime provinces and eastern Canada. We were servicing those markets in the days of wooden ships, when the flag of the province of Nova Scotia was seen on the seven seas, and when we had hundreds of ships under sail. Although those ships covered all the markets of the world, primarily they were engaged in an export trade to the markets of Great Britain; and that condition existed even before there was a central Canadian or western Canadian market.

Then, in addition to the tradition, there is the matter of our geographical position. The cost of transport by rail freight from eastern Canadian points to central Canada makes it more difficult for us to enjoy the Canadian market. And in the third place, of course our natural position, jutting out as we do like a wharf into the north Atlantic, and with relatively cheap water rates, has given an impetus to the establishment of markets in Great Britain and the rest of Europe, but principally in Great Britain.

We in the east today are facing a serious situation—as, of course, are all Canadians. But I suggest that we are suffering from an even more serious difficulty because of the threatened or actual loss of those markets brought about by a diminution or disappearance of sterling in sufficient quantities.

I have of course a particular interest in the way these problems affect my own constituency, because we are almost entirely dependent upon the export market of Great Britain for the support of our apple industry. Before the hon. member for Vancouver-Quadra leaves the chamber I would point out that the apple industry in my part of the country is the oldest and, may I add, the best in Canada. It was developed and we were shipping apples to Britain more than half a century ago. That condition continued down through the years until recently, when it has been threatened.

I can remember the Minister of Agriculture (Mr. Gardiner) when speaking in the house a year ago, shrugging off the problem of the British market by saying that Great Britain was no longer importing Canadian apples, and no longer offered a market for our apples—period. His bald statement was that Britain was producing sufficient apples of her own and did not wish to import any.

That was an utterly ridiculous statement and I feel sure the right hon. gentleman must have known it, because last year Great Britain imported over 4 million hundredweight of apples of which Canada supplied less than 13 per cent. Yet in 1946 we supplied 69 per cent of the entire British market; and in 1938, before the war, we were supplying virtually 50 per cent of the entire British market.

Last year, as I say, that was reduced to 13 per cent, and the intimation is that the British government has said that this year there will be no sterling available for the purchase of apples. This is of importance to us in the east, and as was pointed out by the hon. member for Vancouver-Quadra it is also important to the apple industry in his province. Let me add that it is also of tremendous importance to the apple industry of Ontario and Quebec; make no mistake about that. If the Canadian exporters in British Columbia and Nova Scotia are denied export markets because of a lack of sterling, then there will be a dislocation of the Canadian market which will be most serious indeed.

That was one reason—I think it was the primary reason—why during the war this government did assist the fruit growing industry of Nova Scotia, and to some extent of British Columbia, so as to preserve orderly marketing in central Canada. So this matter is of far more than provincial importance; it is a matter affecting all of Canada, and in so far as that particular industry is concerned, goes to the very root of it. If the apple industry of this dominion is to be preserved and is to continue, then you have to solve the sterling problem. If you do not solve it the apple industry will suffer a disaster from which it will take many years to recover.

It is not only the apple industry in the maritime provinces that is concerned. For many years we have exported lumber and pit props from New Brunswick and Nova Scotia to Great Britain, but we are now threatened with a loss of that market. The lumber dealers in both provinces are worried about this matter. I think some of that worry was reflected in the events of last Monday in New Brunswick, because certainly it was in part the anxiety over these lost

markets and this problem of sterling which I found, and which I am sure others found, reflected in the minds of the people with whom I discussed matters prior to the by-elections which took place a week ago yesterday.

In addition to markets for lumber, in Nova Scotia we also have our salt fish and cured fish industries which were dependent upon export markets, not so much in Great Britain but in the West Indies. Again because of this loss of sterling and because of the particular problems in those islands we are faced with the loss of further markets. We have had hopes of attracting to the maritime provinces, because of our geographical position, industries based upon export markets. We believe we have opportunities for that type of industry, but basic export trade is dependent upon the markets of Great Britain and the commonwealth. Until this sterling problem is solved we will have little hope of attracting such industries.

For these reasons and many others which could be enumerated I repeat that this problem of sterling is of tremendous importance to the east. Both ministers who spoke this afternoon suggested that there was nothing that could be done about it. One of them said we had not received an invitation to any conference to deal with this matter. Why wait for an invitation? This is the problem which goes to the very root of our economic existence in this country. I suggest that the government should be giving a lead in this matter rather than waiting for an invitation.

As the hon. member for Vancouver-Quadra (Mr. Green) pointed out a few minutes ago, I am quite sure if we on this side of the house had suggested six weeks ago that a barter deal might be arranged among the United States, Great Britain and Canada, we would have been laughed at by hon. gentlemen on the other side. They would have told us that it was impossible to conceive of such a thing. Yet when the necessity arose it did not take long to work out such a deal. I remember reading not long ago—this is perhaps not apropos of this matter—where the Prime Minister of Great Britain, confronted with a problem, made a barter deal to use Malaya tin and aluminum which he had under contract from Canada to obtain steel from the United States. It seems that when there is a will there is a way in which these things can be accomplished. We can and should be able to find a way.

I might suggest one minor way. If we were selling products in Great Britain some of the sterling in payment thereof could be allocated for the purchase of products from the British West Indies, for the purchase of fruits which we now buy from the United States. The British West Indian trade is of tremendous importance to us in the east. The president of the Canadian National Railways has announced that the situation is such that the steamship service operating to the West Indies may be discontinued at the end of this year.

We in the east made substantial sacrifices in certain directions and our trade was dislocated when the British West Indies treaty was negotiated many years ago. There are patterns of trade which should be developed there, and this can be done by the use of sterling in some such manner as has been suggested. We are buying a tremendous quantity of war materials from the United States, and we are buying some from Great Britain. It should be possible to purchase more from Great Britain and to have them allocate some of the money in payment thereof for the purchase of Canadian primary products.

In this and many other ways some temporary solution, or an approach at any rate to the solution, of these problems can be worked out. Ultimately there must be a settlement of the whole matter; ultimately convertibility must be arrived at. I quite appreciate what was said this afternoon by the Minister of Finance (Mr. Abbott). I realize that this is a problem which cannot be solved today or tomorrow, but an approach must be made to it. This government probably has attended more conferences than any government which has represented this country in the past. We have attended conferences all over the world, some important and some of little importance, some of which accomplished some good and some of which accomplished nothing. The conference which is suggested is of particular importance to this nation and to the commonwealth as a whole.

One seemed to notice almost an atmosphere of defeat when the hon. gentlemen were speaking this afternoon and saying how little could be done. On the one hand you have a nation with purchasing power, which wishes to buy our products; on the other hand, you have this nation with products that we want to sell. We have accomplished miracles. We have made Jules Verne look like a minor character. We have conquered space; we can send our voice throughout the world; we have done everything in a scientific way, yet we are told that this problem is impossible of solution.

I suggest that it is possible of solution, and that one step along that road is the calling of a conference where we can sit down around a table and make a more concerted approach

toward a solution. Until that is done this country will continue to face the most severe economic problems. It will never recover fully until this problem is solved.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I am very sorry to have to take part in this debate, because I do not think it should be going on at all. I will reassure the minister that I am not going to be long. The reason I do not think it should be going on has already been stated. No reason has been given against the desirability of adopting this amendment except the reason which none of us is going to accept and which I am sure the minister did not really want the house to accept, that nothing can be done. The amendment reads:

> This house is of the opinion that the government should consider the advisability of taking steps to convene at the earliest possible date a conference of the nations of the British commonwealth to seek means by which there may be convertibility of commonwealth currencies—

I do not imagine anyone is going to deny that that is a desirable thing. The amendment continues:

> —and to explore all the possibilities for restoring and enlarging those traditional markets upon which our prosperity so largely depends.

I do not think anyone will deny that that is a good thing. After all, for generations trade across the north Atlantic has been our lifeblood.

One of the points I wish to make is that you cannot do anything until you believe it really needs to be done. One of the things that bothers me is that we are faced with an extraordinary degree of self-satisfaction on the part of the government. Why that should be so strong I do not know. When we asked the Minister of Trade and Commerce (Mr. Howe) about trade with the United Kingdom he said, "Don't worry about it, I made a speech in the Guildhall." I have no doubt that it was an adequate speech, but that does not seem to me to be an adequate answer to the question. On May 15 the minister expressed his views about trade in rather glowing terms, and I quote from page 2240 of *Hansard* as follows:

> Instead of losing markets we are shipping more to the markets we are supposed to be losing. As I say, we have markets for everything that Canada can produce. We have been able to find the very best markets in the world, and as a result the Canadian economy is at the highest point of prosperity it has ever reached in the history of the country.

That makes strange reading in the light of what we have listened to from the hon. member for Vancouver-Quadra (Mr. Green) and the hon. member for Annapolis-Kings (Mr. Nowlan). We have heard of lost markets for lumber, apples and salmon in the west and for apples, fish and other things in the east. For the minister to tell us that markets have been found for everything just does not make sense. The truth of the matter is that the minister has his mind—and I think he is constituted this way—concentrated, and very properly so, on the work he is doing, which I think is good. He has just one interest and will not admit that there is anything that is not good or anything with which he has not dealt.

Another thing that bothers me is that, for a man who is practical in so many ways, he will insist on this foolish habit of talking constantly about dollars and answering complaints that trade is being lost by saying that we are shipping far more than we were years ago and always giving the result in dollars. He ought to know better than anyone else how much dollars have been depreciated, in large measure by the policies of his own government, in the last few years; and he should not fob us off with that sort of thing again.

The other point I wish to make is that we are of course in the midst of a boom. Booms are often mysterious things. They sometimes come without anyone being able to say how they came and they certainly go without anyone being quite sure how they have gone. But there need be no mystery about this boom. It was caused by defence preparation. We all understand how it came, and when the minister tells us about the fine state of our trade, as he did this afternoon, he entirely omits one very important thing. He should have been explaining to us that our exports to a very large extent—I shall not attempt to put it into figures—are due to the entirely accidental fact that we are preparing at the present time for war.

One of two things will happen. Either war will come, which we all pray will not happen, in which case all calculations will be thrown into the discard. If war does not come, then may I point out that the minister has been the first person to tell us that our defence preparations are bound to slow down because the pipe lines will be filled up. Therefore when we consider the situation at the moment we are just like men sleepwalking. We are just like men who will not look at the facts if we are not prepared to realize that a situation which we all hope is temporary and which we all hope is going to come to an end may do so, and that if it does come to an end or slackens in any way it will alter the whole situation.

Can any of us imagine what it would be like if by some magic which we cannot foresee the apprehension of war should pass away? Any number of the markets where

we are now selling would disappear. Therefore I say we should be taking these things into account. If that situation happened we would suddenly find that our markets for wheat, metals and lumber had been transformed beyond our worst dreams. The problem is whether it is worth while to make the effort. The ministers say we are making efforts and there is nothing more to be done. They say we have not been asked to a trade conference. I think that last reason is a trivial one. This government is not usually so modest when it has a view to express. Actually we have fallen into the habit, which I believe is a very bad one, of thinking that the currency problems of northern Europe and the sterling area is their problem and not ours. The truth of the matter is that it is just as much ours as theirs. We all remember the word used by the Secretary of State for External Affairs (Mr. Pearson) some years ago after returning from an imperial conference at Colombo. He came back and said that he had exercised the functions of a gadfly. I am not very familiar with gadflies but I understand their function is purely that of stinging. Apparently he conceived his function at that conference to be to stir up other people, presumably to be more active and alert in their own interests.

I think that is an entire misunderstanding. I noticed when the Minister of Finance (Mr. Abbott) attended such a conference last January his position was described as something in the nature of a benevolent observer. I am not sure of those two words but that was the general tenor. The Minister of Agriculture (Mr. Gardiner) is more realistic. He really thinks we need to sell the farm products we raise, and he is a little impatient with financial difficulties. The financial difficulties are real enough and they cannot be dispelled just by a wave of the hand. We all know that, and I think it would be well for us to remember it. I thought of it particularly this afternoon when the Minister of Trade and Commerce (Mr. Howe) was giving us the extraordinary disparity in prices. I think we had better ask ourselves whether we are creating for ourselves in North America a position of isolation which, however splendid it may look now, may not always look so splendid if we get to the position where we have a scale of prices and of costs which cuts us off from other markets.

Therefore I say this is not a problem of somebody else. It is a problem we are terribly interested in ourselves. As I said a moment ago, when the smoke clears away and if, as we all hope, we reach the stage where feverish preparations for war come to an end, then we will suddenly be faced with the question of markets. We will suddenly be faced with the realization that the sterling area, particularly northern Europe, has been our haven in years past. We may also be faced with the sudden realization of the fact that the United States is in very many ways a competitor rather than a market.

It seems to me the first thing for us to do is believe that this serious problem is our problem. It has already been stated that when you really want to do a thing there are ways to do it. I quoted a music hall catch in the house the other night to the effect that where there is a will there are three ways.

I should like to say a word about convertibility. As I said a moment ago, nobody has suggested that convertibility is easy. I have here *The Economist* of May 24 of this year, which contains a reference to a meeting of the International Chamber of Commerce at which the question of convertibility was discussed. I am not going to read from the article because the things they have to say are not new. They talk about the need to free exchanges and they suggest various things, the responsibility of the creditor countries, the responsibility of the international monetary fund and so on. I am not going to go into that. I am merely going to say that I cannot see why anyone should doubt that it is a good thing for us to meet together to discuss, again and again if you wish, this problem.

We ought to have something to contribute. We ought to know something about the value of free exchange. We certainly made enough mistakes ourselves. First of all we overvalued our dollar to the extent that in 1947 we lost about a billion dollars in United States funds. Then later we undervalued it. Therefore we ought to have experience to contribute. I do not think any evidence could be better than ours. I suggest the amendment is a sensible one, that it might very well be acted upon, and that not to do so is really just another instance of that unregenerate political pride of the government to which we are so accustomed.

Mr. W. G. Blair (Lanark): Mr. Speaker, I wish to support the amendment because I think it will go a long way towards solving the problems of the dairy farmers in my constituency and elsewhere in the province of Ontario. At the time of the budget debate I covered fully the position of the cheese producers. The position they were in at that time was one of uncertainty. There were no apparent markets for the coming

season. The situation has not changed very much since that time. Even today the cheese producers are voting on a scheme of marketing the results of which are not yet known.

It is not my purpose, sir, to cover all the facts I brought out at the time of the budget debate concerning the dairy industry; but there are a few facts I would like to draw to the attention of the house as to the importance of this industry in Canada. Very shortly I will place those facts on record.

First, it is an industry which employs two million people; that is, two million people are dependent on this industry for a livelihood. One must remember that two million people represents a very large market for the products of industry in Canada. Even now, with the uncertainty in the dairy industry, it is becoming apparent that other manufacturing industries—those making implements for use on the farm—are feeling a form of recession, because there is some doubt as to the position in which they find themselves; and contracts for machinery are being cancelled at the present time.

This is a very important industry, and I draw your attention to our production in the years 1939 to 1948. Of course those were war years, but at the same time it shows that the Canadian dairy industry is able to produce and has produced large amounts of dairy products. From 1939 to 1948 the industry produced one billion pounds of cheese, a half billion pounds of evaporated milk, six million pounds of milk powder, and in one year alone, 1942, we exported to Britain 150 million pounds of cheese. That, sir, has changed now because it is doubtful if we could export more than 20 million pounds of cheese at the present time.

At the time of the budget debate I called for a reappraisal of our relations with the United States. Under the Geneva pact the United States had agreed to take a certain amount of our products. At that time I called it a virtual embargo by the United States against our dairy production in respect of cheese. That situation has not changed since, because in the Ottawa *Farm Journal* in May, 1952, I find the headline: "United States cheese men don't want competition". The article states:

> Washington, May 14.—The wisdom or folly of restricting imports of foreign cheese was debated today before the house of representatives banking committee.
>
> Cheese importers demanded that congress decline to renew a provision of the defence production act which subjects cheese and other dairy products to import controls when the secretary of agriculture finds that the imports are disrupting domestic supplies and causing unnecessary spending under the price-support program.

Suggested Commonwealth Conference

> Under that section, the secretary has issued an order embargoing imports of butter and non-fat dry milk solids, and limiting imports of cheese to the 1948-50 average.
>
> Domestic producers declared lifting the restriction would open the gate to competition with dairy products produced with cheap foreign labour.
>
> (Canada has been pressing the U.S. to eliminate the curbs which have curtailed Canada's exports of cheese and other dairy products.)
>
> Opposing viewpoints were presented by Martin R. Fromer, counsel of the Cheese Importers' Association of America, Inc., and George Paul, representing the national creameries association.
>
> Fromer said the cheese-and-fats restriction has made the United States a target for international criticism, and that ten nations now are considering retaliatory action against this country.
>
> The banking committee is considering extension of the defence production act—the basic economic control law—which is due to expire June 30.

A new plan has been produced for the marketing of cheese. This scheme is under the federal Agricultural Products Co-operative Marketing Act of 1939. The cheese producers in Ontario are now voting on whether they will accept this plan for the disposal of their cheese. Under the co-operative marketing scheme the government may guarantee up to 80 per cent of the average price in the three preceding years, but a two-thirds vote of the cheese producers is necessary before the agreement can be made.

This has brought mention of a 24-cent price for cheese. Nothing was said about storage, handling, or selling charges, and some people believe this will account for another 2 cents per pound. Under this act the Department of Agriculture can guarantee certain charges and prices without actually taking delivery of the produce, as might be the case under a direct floor. The main difference between this plan and a floor price is that the marketing board continues to control cheese selling in the province, and there might not be the same chance of the floor price becoming the accepted minimum.

I remember, sir, when I spoke in the budget debate, making an appeal for the cheese producers and for the marketing board. One of the government members who followed me in the debate stated: "Oh, well, if the marketing board and the cheese producers of Ontario will come to the government with their hats in their hand, the Minister of Agriculture might look kindly on the application."

There is considerable criticism of this agreement. We must remember that the marketing board had its back to the wall. The large amount of April cheese on hand is going to present a problem in selling. In fact, so far as this agreement is concerned, I heard it described as a "shotgun marriage".

It is unfair to state that the Ontario cheese producers and their organization are to blame

for the situation in which the industry finds itself today. It has been implied that conditions would be better if cheese sales had been left to the government. There is the same suggestion that the 1951 price charged Britain was too high and that the British food ministry does not want to do business with Canadian cheese producers.

It would be well to examine the facts. In April, 1951, the dairy products board informed the British that they no longer wanted to handle cheese under direct contract and that the British food minister should deal directly with the producers for a contract. The British came to Canada and offered to buy all the cheese they could get. Finally, a contract was made for 18 million pounds of cheese at 30 cents, f.o.b. factory, plus a 2 cent charge. Under this contract Ontario marketed 40 per cent of its production, 25½ million pounds. Quebec also sold some cheese under this deal. Apparently the British were quite content and satisfied with the bargain and did not consider the price too high, because it was the same price the government had charged them under the 1948-49 agreement. At the same time they must have been satisfied with the price for they paid up to 40 cents a pound to the United States for all the cheese they could get. The British have plainly stated it was not the price but the lack of dollars which prevented them from making a new agreement this year.

It is estimated there are about three million pounds of fodder cheese in the factories or warehouses. Now they are being further crowded with the April and May cheese which is coming in, because this is the season of high production. There is a big problem also in the fact that approximately 500 million pounds of additional milk is going to come on the market this year because of the embargo on milk cows which normally would have been sold to the United States. Even under the best of conditions those cows are not going to be sold during the heavy milk producing season, certainly not in June, July, or August at any rate.

On May 1 the trade had 27 million pounds of cheese on hand and another million pounds arrived from New Zealand. We are having difficulty in marketing our cheese in this country; but at the same time, up to now, New Zealand cheese has also been coming in. Because of the amount of cheese on hand, the trade and the processed cheese people were not interested and do not seem to be too much interested in fodder cheese.

Coming back to the resolution, Mr. Speaker, has the government given consideration to buying greater quantities of war material from the United Kingdom? Through this medium, so long as the world is involved in a policy of semi-barter, this government can provide, to a material degree at least, the means whereby the United Kingdom again can purchase our cheese, apples, salmon and numerous other articles of primary production in this country. This is a very important matter. It involves not only purchases by Canada but involves as well the all-important factor of the position of Canada as a nation, as an essential and, in some cases, sole available source of strategic raw material at present in short supply. I feel that a commonwealth trade conference would not only serve this nation well in the field of domestic trade but would as well materially add to Canada's contribution within the sphere of our commitments and obligations under the North Atlantic pact.

A year ago, Mr. Speaker, when I was discussing this same matter of dairy production in Canada—and at that time I covered other agricultural products—I drew the attention of this house to our position under the North Atlantic pact. At that time I pointed out that one of the greatest contributions we could make under that pact was the production of food.

There is one other point, and it is this. Without adequate markets and without a reasonable price for its products, the dairy industry will certainly deteriorate. Certainly no dairy farmer can afford to make cheese at the price suggested, namely 26 cents or 27 cents. It just cannot be done. The cost of labour is too high. The cost of production is too high. This suggested price is far from adequate. The chief producers are voting on this scheme at the present time. I am not sure what the result will be. One thing is certainly apparent. Without adequate markets and without a reasonable price for our dairy products there will certainly be marked deterioration of this industry. This is an industry which it is essential we should keep in existence. As important as are any wartime preparations that we can make, it is just as important that we should have a strong industry capable of producing the type of food which I mentioned at the beginning and which we exported to England between 1939 and 1945. This commonwealth trade relations scheme or the calling of a conference would certainly do something to arrange trade within the commonwealth so a condition would not exist under which, while without an adequate market for our dairy products, we are still importing New Zealand cheese.

Mr. J. W. Noseworthy (York South): Mr. Speaker, the resolution before us calls for

a trade conference of the nations of the British commonwealth for two definite purposes; one, to seek means by which there may be convertibility of commonwealth currencies, and the other to explore all the possibilities for restoring and enlarging these traditional markets, particularly within the countries of the commonwealth.

This debate, Mr. Speaker, has followed very much the pattern of all such debates which have taken place here recently. A motion or resolution is moved by some member of one of the opposition groups. The mover of that motion is followed early in the debate by one or two cabinet ministers who give the cue to Liberal members as to what Liberal policy is with regard to this particular subject. Before the issue has been debated at any length Liberal members in the house are shown by a cabinet minister what the government's attitude is; and from then on in the debate every Liberal member in the house takes his cue from that cabinet minister's speech.

We had that procedure in this debate. We had a speech by the Minister of Trade and Commerce (Mr. Howe) and then a speech by the Minister of Finance (Mr. Abbott). Neither the Minister of Trade and Commerce nor the Minister of Finance attempted to argue that there was not, at the present time, a need for achieving, if possible, the convertibility of the currencies of commonwealth countries and a need for restoring and enlarging our markets in those countries.

It is true that the Minister of Trade and Commerce took an extremely rosy view of our trade relations. I would simply say to the minister that the people of Canada no longer see life through the rose-coloured glasses of the Liberal cabinet. The members of the Liberal cabinet may look out upon life through those rose-coloured glasses; they may think everything is lovely and that we are living in the best and the most perfect of worlds. But recently we have had indications that the Canadian people are no longer thinking in those terms.

The producers of this country are eagerly looking for markets that will not fold up when the Minister of Trade and Commerce again submerges his defence production department into trade and commerce, within a year or two. The producers within the country today are clamouring for markets that are not available. They are asking what the government is doing to assist in providing those markets. As I have said, there has been on the part of the ministers no attempt either to show that it is not desirable to achieve convertibility of commonwealth currencies or to show that there is no longer a need for recapturing and enlarging our markets in the commonwealth countries.

As a matter of fact both ministers agreed with the objectives of this resolution, and both ministers asserted that if they thought these objectives could be achieved by the calling of this conference, or if they thought such a conference would contribute anything toward the achievement of these objectives, they would support the resolution. To me that statement was really funny. Just imagine the Minister of Trade and Commerce and the Minister of Finance in this house supporting any resolution that was proposed from this side of the house. That would be something to see in this parliament.

Neither the Minister of Trade and Commerce nor the Minister of Finance gave us any good, sound reasons for believing that such a conference would fail to assist in achieving the objectives set forth in the resolution. All they told us was that, in their opinion, this conference would not achieve anything. Before I vote against this resolution I shall want to hear from those ministers some other reason than the simple statement that they do not think this conference will achieve anything.

I think the Minister of Finance indicated that, for some reason which I did not quite understand, it would not be Canada's place to initiate such a conference. The minister made exactly the same argument nearly two years ago when a similar resolution was before us. Since then there have been conferences; and even though at those conferences we may not have achieved the objectives set forth here, that is still no reason why we should not try again, and it is no reason why Canada should not show some initiative and some readiness to achieve those objectives. Surely the difficulties which confront us, as set forth here, are not insoluble. They are difficulties that are brought about by the transactions of human beings and nations with one another. Surely they are of such a nature that they can be solved by a group of people who will set about trying to solve them.

I am not satisfied that if Canada took the initiative in calling together such a conference, and if Canada went into that conference ready to make compromises, ready t(make whatever sacrifices were fair, ready to co-operate with those countries in a give and take way, we could not achieve something. If we go into such a conference with our minds made up that we are going to be concerned only with our own selfish national interests; if we go into such a conference for the purpose of getting everything we can from the other

nations, we will not achieve success. But it seems to me it ought to be possible for people of such a high degree of intelligence as the ministers of trade and commerce and finance, and experts of their departments, to meet with equally intelligent people from other parts of the empire, with the common purpose of solving these problems, to reach some solution.

I think what is true here is that the government just has no policy in this matter. I had occasion a few days ago to call attention to the fact that in my opinion the government had no policy on housing, which we were discussing at that time. I referred to the matter of government annuities which came before the house. We thought the government had a policy on that, but when certain pressures were brought to bear upon the government they changed their policy. Now they do not know where they are going so far as that policy is concerned, and the same thing applies to a great many spheres of action. The government is just standing by waiting for things to happen. If they wait long enough—they may not have to wait very long—something will happen that will probably awaken the government to a realization of the fact that the Canadian people today are demanding action. They want a positive policy.

We want the government to show initiative and leadership in the solution of these problems. Therefore, unless I can get from the minister some much more definite reason why such a conference must be destined to fail, I shall support the resolution.

Mr. George H. Hees (Broadview): Anyone who has studied our export trade since the end of the first great war knows that our national income varies directly with our export trade. If our exports are up in any one year, then our national income follows in almost exactly the same proportion in the following year. And if our exports are down in a year, then our national income can be counted on to follow suit in almost the same proportion in the following year. Therefore the phrase "export or die" applies particularly to our Canadian economy.

During the past few months most of the commonwealth countries have been forced to drastically curtail their imports in order to save dollars. If we are to continue to do business with these countries we must take their products in payment for our exports. Therefore, Mr. Speaker, I think that, as the only non-sterling country in the British commonwealth of nations, we should take the initiative in calling a commonwealth trade conference. Through this medium trade experts from Canada could sit down with experts from other commonwealth countries and work out the means of expanding our trade, rather than simply taking the negative course of restricting imports in the hope that something will eventually fall into our laps.

I believe this government owes it to the primary and secondary producers of this country at least to make an attempt to retain our traditional markets until the convertibility of sterling again becomes a reality.

This government says the kind of conference I have mentioned is unnecessary, and they point to the favourable position of our gold and dollar reserves. Anybody will agree that this position is very good today. But it is not good because of a favourable balance of trade, but because of the very heavy inflow of capital into this country for development purposes. Much as this capital inflow is welcome to Canada, no reasonably minded person expects that it will continue indefinitely; and if we are to maintain our favourable position with regard to our international stability, then we must bend every effort to build up our export markets.

It is not enough for this government to say, "Oh, do not be concerned with the loss of the British market. Look at the number of outlets we have in the United States"; because the history of our trade with the United States has made us realize that this market is very uncertain, and it has in no way the stability of the markets we have enjoyed in the United Kingdom.

This of course is readily understandable because of the similarity of their production to ours. When we have a surplus of production of a certain type of commodity which we must dispose of because it is above what our domestic demand can absorb, we find that they, just to the south of us, have a similar surplus of production which they must dispose of, and they do not hesitate for one moment to protect their producers from outside competition.

I believe the only long-term solution to this problem is a greater willingness and ability to exchange products within the British commonwealth of nations. I believe the only way this can be worked out is by our sitting down with other members of the British commonwealth, talking the matter over and deciding what products of ours they can take in return for our being willing to take certain products of theirs. Therefore, Mr. Speaker, I very sincerely urge this government to take the initiative in calling a British commonwealth trade conference at the very earliest opportunity.

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, it is not my intention to detain the house at great length at this time. For many years, however, I have felt strongly that in

times of normal trade too little regard has been given to strengthening trade relations within the British commonwealth.

We have heard a great deal from time to time about the importance of the United Nations in time of war, and how essential that organization is in time of peace for purposes of trade. There have been conferences, true; the Geneva conference, the imperial trade conferences of a quarter of a century ago, and there were others in 1931 that meant a great deal to our normal trade.

It seems to me that in times of inflationary prosperity insufficient consideration is given to the background of our normal trade, our traditional trade channels. It is true that we have had two great wars and are preparing for another, should it come, and that this has all taken place within half a century. But consistently during those years we in Canada have enjoyed a substantial favourable trade balance with the British commonwealth, running into billions of dollars, while on the other side of the ledger we see that, so far as the republic to the south of us is concerned, we have had an unfavourable trade balance amounting to almost $50 billion.

Sometimes I wonder if we overlook the fact that the very basis of our successful normal trade has been the British commonwealth. It has been the nucleus of sound business relations in times of peace, and in times of war it has been our greatest security. At such times it has helped to strengthen imperial and commonwealth relations.

For over a quarter of a century in the house I have heard hon. members parading the fact, as the Minister of Trade and Commerce (Mr. Howe) did today, that we should look north and south. That is the only semblance of true, traditional Liberal policy now in evidence in Canada. Hon. members will recall the history of the commercial union proposed by the Liberal party away back in 1887. The only part left of the old, dusty doctrine of trading north and south is the inclination to trade more with the United States of America than with the United Kingdom.

The Minister of Trade and Commerce said we have had great prosperity in Canada because the outlook of this government has been for world trade, because we did not put all our eggs in one basket, because we did not tie ourselves to the British commonwealth, and because we looked abroad. He has said that that is the reason for our prosperity. Surely no one within sound of my voice is juvenile enough to believe that. There is no one in Canada who does not know that in these hectic days of fanatical inflationary wartime prosperity, we have been riding the gravy train of that prosperity. What has the government done to bring it about? The prosperity has come, despite the government. It is the result of the war just closed and the process of preparing for another war. We have been exporting raw products in short supply, raw products required by the United States, raw products that could be sold anywhere in the world.

The Minister of Finance (Mr. Abbott) says we have been attending conferences steadily, and that the conference proposed by the leader of the opposition (Mr. Drew) would not have any beneficial effect. Yes, he has been attending conferences—conferences of ministers of finance, but with not one single trade expert in attendance.

Mr. Abbott: Oh yes, always; at every one of them. Our most competent trade people were there.

Mr. Rowe: As reported in the Toronto *Star* of February 1, the minister stated that Canada's foreign markets had now shrunk to such an extent that sales of our raw products such as were requested under the North Atlantic Treaty Organization committee set up prior to the Lisbon conference are vital dollar earners which help Canada to balance her trade with the United States, in view of these diminishing markets. The Minister of Finance knows these markets are disappearing. He has been selling war products. Surely a conference would do no harm, as someone has said.

It has been said that the convertibility of currency is a matter for those countries having sterling currency. The minister said it would be improper to suggest to them any plans with respect to convertibility. But surely it would not be improper to discuss the matter. Both ministers said they would gladly support the proposed British commonwealth trade conference if they thought it would help solve the problem that they admit exists. I am glad that at least they see the problem, even though they will not accept the remedy.

Canada is a member of the British commonwealth, just as much as Australia, New Zealand, South Africa or any other part of it. We know very well that in time of war there are those who need our products. The Minister of Trade and Commerce gave this afternoon the reason that he did not believe it wise to tie ourselves too tightly to any market or, in other words, to put all our eggs in one basket. However, he does not seem to mind putting all our eggs in a United States basket. We find now that about three-quarters of our export trade is with that country, while only about 15

per cent of it is with Great Britain, which formerly had about half.

It just depends upon which star you wish to hitch your wagon to. I am conscious of the fact that the great republic of the United States, with its enormous population, may provide a great demand for our products, whether they be raw products or in the form of foodstuffs. But hon. members will recall what happened in other days, and they must know what is happening today.

What happened to our dairy industry only a short time ago, when restrictions were placed against our dairy products? Read the *Globe and Mail* of this morning and you will see what happened, and what happens when congressmen grow nervous from time to time about their own market. Basically Canada produces the same goods as the United States. Generally when there is a surplus in that country there is a surplus of the same products in Canada. The reason the party to which I belong has, since the days of confederation, believed that we should never overlook the advantages of trade east and west, and the development of trade within the commonwealth, is that we are conscious of the fact that Great Britain, with her enormous population and small area, and with her diminishing supply of raw resources, depends upon Canada for those resources, principally foodstuffs and other raw materials. The United Kingdom has perhaps too many people for her resources, whereas Canada has not enough. The United Kingdom has not enough resources for her industrial requirements; Canada has resources to spare. That country has been a strong market for years for these products.

I am not going to enlarge at this hour on what might be accomplished, but surely these great conference attenders, these men who spend millions of dollars travelling all over the world—every time a conference is mentioned they go en masse with their experts, their wives, secretaries and wives of secretaries; whole battalions of people—will admit that one more conference would not be too much to ask in order to investigate why the greatest market this country has had since confederation is rapidly slipping away.

We had the same situation in this country a quarter of a century ago. I recall before the thirties when we were rapidly losing our markets in the British commonwealth. It is fine to talk about how much we are selling in terms of dollars, what trade we have, how we are taxing people to the limit to buy destructive instruments and weapons of war and defence, but that is not normal trade. Surely it is time to stop, look and listen; to stop and plan for the days of peace. God forbid that we should have to have a war in order to have prosperity. We have a wartime prosperity now even though the war is past. We have a wartime prosperity because we are planning for another war and are spending money on products other than those of normal trade.

It is fine to stand up here in the house and say that in dollars we have a trade situation which is better than it was many years ago, but that does not satisfy many people in this country. We know very well that it does not please the fisherman of the maritime provinces or the British Columbia coast. It does not answer the problem faced by the apple growers of Ontario, eastern Canada and British Columbia. It does not satisfy the cheese producers of Ontario and Quebec who are wondering what to do with their cows which they cannot export to the United States. It does not satisfy the tobacco growers in Ontario who are having to ship only half as much as they did last year and a quarter as much as they did a few years ago. It does not satisfy the producers of pit props in the maritime provinces or the lumber industry in British Columbia and eastern Canada. It does not satisfy the poultry producers in Ontario and British Columbia and Quebec whose henhouses are falling down because they cannot sell their products. It does not satisfy the canning factories or those who work so hard at gardening and in the canning factories across this country. At one time tremendous quantities of canned tomatoes and vegetables were sold in that market but it has now disappeared. It does not satisfy the hog producers of Ontario, Quebec and British Columbia who are now marketing their sows whether they are fat or thin because there is no profit in keeping them. It does not satisfy the fruit and vegetable industry. It does not satisfy the salmon canneries who have lost their overseas market.

These are facts. The minister at least admitted them last winter when he said these other products would make up for this. I am not merely mentioning that these markets have disappeared without producing some evidence. In 1938, before the war, we supplied about one-third of the barley imports of Great Britain; that market has now disappeared. Their total requirements are being purchased from Russia. In 1938 we supplied 90 per cent of the oats they needed; today that market is entirely lost. We used to supply 25 per cent of all importations of beans into Great Britain; that market has now disappeared. In 1945 we supplied 43 per cent of the United Kingdom bacon requirements, but that market is now lost except the portion

on which the minister told us they are paying 33 cents a pound in order to get it into Britain.

This is the recompense for the bulk trading which was to guarantee our markets for many years to come. In 1938 we supplied 42 per cent of the apple requirements of Great Britain, as was just mentioned by the hon. member for Annapolis-Kings (Mr. Nowlan), but in 1951 we sold only 13 per cent. The Minister of Agriculture (Mr. Gardiner) did not even admit the 13 per cent. He said the only reason we did not sell them was that they had so many apples of their own they did not need to import any. He said he had to eat applesauce morning, noon and night. In 1946 and 1947 we sold 47 per cent of the canned tomato requirements of Great Britain. That market is now lost entirely. The maritime provinces supplied 55 per cent of their pit props in 1945; today they supply only 13 per cent.

We are told about our markets in the United States. Talk about putting all our eggs in one basket. The Minister of Trade and Commerce (Mr. Howe) said that we should not try to tie ourselves too much to one market, and he then proceeded to untie us from the British market because that market decreased from 26 per cent of their requirements to 15 per cent in less than five years, whereas the United States market has increased from 38 per cent to 65 per cent.

I do not want to labour the issue because it is like talking against a windstorm to talk to a government that seems to be so little interested in an issue of this sort. I know the Minister of Trade and Commerce passed it off as if it did not mean anything. I know the Minister of Finance (Mr. Abbott) glibly referred to it as just another conference with very little hope of achievement. We have a government today great in numbers and heavy in—

An hon. Member: Wisdom.

Mr. Rowe: No, heavy in votes, heavy in "yes, yes" men like yourself. We have a government which has probably more supporters in the house and fewer friends in the country than any government we have had for many years. Even after losing nine by-elections out of eleven they cannot be shocked into a realization that the public do not think they are good fellows because there are so many of them.

An hon. Member: We are not professionals.

Mr. Rowe: I notice you are not professional in anything. We have a government in this country that thinks everything is fine. They are prize optimists. They do not care what happens as long as it does not happen to them. They believe that everything is fine so long as prices are high, so long as taxes are high and so long as they can get the taxes in and have big budgets. As long as trade is big they believe everything is fine. We should consider why they adopt this attitude.

We should not let war hysteria creep into our normal economy. The most secure trade this country has had has been east and west. It is true that the United States market is enormous and it always will be. That great republic to the south has 160 million people with the population increasing annually. It has tremendous resources and produces and consumes the same type of goods that we produce and consume. They are similar in language and habits.

Do not let us forget that history has a habit of repeating itself. I remember many years ago when I saw the same smug complacency in this house that I see now. I remember before 1930; I remember before 1922.

An hon. Member: Do you remember before 1935?

Mr. Rowe: Yes, before 1935, and before you were here. I remember before 1935, and he laughs best who laughs last. You will remember before 1955 too.

Mr. Abbott: He laughs best who laughs last.

Mr. Rowe: I hope we both live long enough. You can tell by the sound of the noises in the country, and if you have not heard them yet you are more smugly complacent than I thought you were. These rumours are going throughout the country. The public have been saying in the by-elections: What is the government doing other than either getting over a war or preparing for another? There is not one person within the sound of my voice who is not prepared to spend every dollar we can get from the people to get ready for war. There is not one of us but appreciates the fact that Britain, the United States and the other nations in the United Nations will buy our copper, our brass, our nickel, our lead and our zinc.

Mr. Abbott: And newsprint.

Mr. Rowe: Yes, newsprint; and you probably could use a little more of it to good advantage. These are abnormal conditions.

Mr. Cleaver: We heard you the first time.

Mr. Rowe: It may have been the first time you heard it. I am glad you listen to something. We may come back to normal times.

An hon. Member: 1930.

Mr. Rowe: Yes; and do you know who was responsible? Your own party. In 1922 we had a tremendous market in Great Britain. We had a better market in Britain for bacon

eggs, cheese and beef than you have today. You lost it between that time and 1930. An imperial conference was necessary to restore those markets. Every hon. member knows that.

Mr. Stuart (Charlotte): I thought you blasted your way in.

Mr. Rowe: I am not concerned about these young fellows who blasted their way in. They will probably blast their way out if they keep on. It is not only a matter of record; the Minister of Trade and Commerce (Mr. Howe) this afternoon said the reason for the depression in 1930 was that after his party went out of power we had a drop of 35 cents a bushel in wheat. Every elevator in the country was filled with unsold wheat. Every lumber yard was filled with unsold lumber or else it had been burned because there was no chance to sell it in this country. These tragic events occurred because that government rode on the crest of good times and made no plans for the future. Before 1930 we pleaded with the party to your right, Mr. Speaker, that they were losing the British market. I remember standing in my place in the house in 1928 and saying that we were losing the British market. I remember a Liberal from western Canada telling me that I did not know what I was talking about and that Canada would never take less than $1.50 a bushel for wheat. We took 40 cents a bushel.

The Minister of Agriculture (Mr. Gardiner) told us not long ago that if we sold wheat to Great Britain for $800 million less than the farmers could get for it some place else we would have a steady market in Britain not only for wheat but for poultry, eggs, butter and other products. What do we find today? The market for each one of these products has almost disappeared.

Mr. Hodgson: It disappeared in 1929.

Mr. Rowe: All we are saying to the government now is that when they are repeating the same episode again, when they are riding the gravy train of war prosperity, they should stop and take one look at the situation and call a trade conference, not a conference of finance ministers but a conference of trade departments where the experts would be in attendance. It is not good enough to have an exhibition in Toronto. It is not good enough to build big machines and look at them. You should have a British commonwealth trade conference as we had in 1932.

Mr. Abbott: What you need is cash, Earl.

Mr. Rowe: Yes. I notice the Minister of Finance is very interested in cash. No one handles more of it more recklessly than he does, but that is not good enough. I know you need cash, and evidently there is a lot of it in your department. You have taken more than 50 per cent of everybody's cash in this dominion, and you will take more. The only hope we have for tax relief is an election in 1953. When next year's budget is presented I think Canada will know almost when the election will take place.

The matter goes further. I say in all sincerity I do not believe there is an hon. member within the sound of my voice, no matter to what party he belongs and irrespective of race, class or creed, who does not believe in his heart of hearts that the very nucleus of the United Nations is the British commonwealth of nations. It is the heart, it is the soul of the United Nations in international affairs. It is the beacon light and the force that has given inspiration. My hon. friends may laugh but in their innermost private thinking I know they agree that it is the inspiring force that brought the United Nations together. Without a strong British commonwealth of nations there is very little hope for world affairs in the future, and the only way to strengthen it is by trade.

We are a member of the British commonwealth. We are the senior dominion. It is our duty not to attend a conference called by some minor or junior member of the commonwealth but as the senior dominion of the British commonwealth to propose a conference, sit down and see what can be done and report back. It may be that nothing can be done, but if that is the case we will accept that because you have attended scores of conferences in the past where you did nothing. There is as much hope for the success of the conference we suggest as there was for the success of many others.

You have spent millions of the people's money travelling all over the world to conferences. You are the greatest travellers this country has seen since confederation. I ask you to take one more trip. You are getting old and weary, and it will probably be your last. Take one more trip to look into the possibilities of a British trade conference and see if you cannot restore the trade that you have lost for the second time in a quarter of a century. I have mentioned only a few of the things lost, particularly those having to do with agriculture. I know the farmers of Canada realize quite well that we are better off to depend on a stable British market than on the market in the United States, even though in time of war they will pay us big prices. I can well recall that in 1922 we thought we had a market for beef cattle in the United States. When the slump came in that country that market was cut off overnight. First there was the Fordney-McCumber tariff. Then

there was the Hawley-Smoot tariff. Recently restrictions were imposed on our dairy products. We have lost the cheese market in Great Britain. We have lost the bacon and apple markets in Great Britain. He is an optimist who says that in normal times you can recover what has been lost by selling to the United States. I am not going to go further except to say that, independent of politics, I urge the government to reconsider the proposal to call a British commonwealth trade conference in order to find out if something cannot be done with respect to the convertibility of exchange and the recovery of markets that have been lost.

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

Mr. Rowe: Surely.

Mr. Cruickshank: I understand the hon. member, whom I greatly admire—

Mr. Rowe: Thank you.

Mr. Cruickshank: —to suggest that he should have one more trip. Would he advocate that it be to the Hambletonian races at Goshen?

Mr. Rowe: Mr. Speaker, I would not mind that, and I might get one for the hon. member if he wants to go. I think probably he is in better shape for it than I would be.

Mr. Deputy Speaker: Question?

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, it is hardly worth while voting tonight.

An hon. Member: It is hardly worth voting, period.

Mr. Gillis: Most of us have sat here all day and listened to some good speeches, and some that were not so good. The question is too serious, in my opinion, to just allow a certain number of members from a certain group to get up and make a lot of speeches without very much substance behind them.

Some hon. Members: Hear, hear.

Mr. Gillis: We all know the international marketing question is a difficult one, and there is no tailor-made formula whereby you are going to work it out. I think it is sufficiently serious that if the Conservative party had a policy and a program they thought could iron out the international difficulties in marketing which are world-wide now, I would like to see that formula laid on the table.

It is quite all right to call a conference, and we are agreeable that a conference should be called. It might be helpful to get the sterling countries around a table with the dollar countries and see what might be done. But we have had a lot of conferences. We had the Bretton Woods conference, and we sent the best financial brains this country had to it. Britain had her representatives there, as had all our allies. We had just finished a war, a war that was largely the result of the collapse of the economic system on a world scale. All these best brains went to the Bretton Woods conference and they decided that an international bank was necessary. That international bank had as one of its functions preventing the depreciation of currencies. A lot of mechanisms that were useful and perhaps would have been workable were suggested. A lot of people put a lot of monkey wrenches in that machinery, and Britain was practically driven away from it.

I had not intended to take time in this debate at all providing the opposition had been willing to take a vote around 10.30 p.m. but frankly, as far as I am concerned, the hon. gentleman has for today talked out his own motion. In all his discussions, the only solution he had was to give the Conservative party power. That swan song was sung by Mr. Churchill very recently. Another government was in power, a government that was bringing new mechanics to bear on the changing structure of society. Whether you like it or not it has changed. Mr. Churchill took power, and he was going to solve the problems of Britain overnight. He is not solving them; and mind you, I am not crabbing about that because I knew, as well as the hon. gentleman who just took his seat knows, that in the situation which faced Mr. Churchill when he formed a government he was not going to be able to solve those problems overnight. He is gradually whittling his way back to where he was in 1939.

Just giving the Conservative party power in the present circumstances is not going to solve the international marketing question. As the hon. member for Selkirk (Mr. Bryce) says, that might put us back to 1930. There is one thing of which I am convinced. As far as the old scheme of things is concerned, it went out when the shooting started in the last war. We are embarked in a world where there are not very many mileposts and the old methods of marketing as between country and country are gone.

The reason we are losing the British market is very obvious. Depreciation of her currency is in part responsible. Also the other countries of Europe, including Russia, are willing to do barter trade with Great Britain. This group has proposed on several occasions in this house—and we have moved amendments in connection with the matter of apples as pertaining to Nova Scotia, and the matter of salmon in western Canada—that for particular commodities we should arrange an exchange with Britain. My hon. friends at that time were very solidly opposed. As far

as we are concerned we believe, and have done so for a long time, that the only successful way of conducting international trade is by an exchange of goods. Otherwise you give away the real wealth of your country for paper.

Unless the government that is in power in this country decides on a change in the mechanism of international marketing within the next few years, and gets away from money as a medium of exchange, in my opinion you are going to have just what you have now. Mr. Churchill is finding out. I know that he does not like barter, but he is willing to barter machinery for wheat with soviet Russia.

Seventy-five per cent of all the old methods of international trade have gone out. A large percentage of the people of the world with whom we are going to try to trade are operating on socialist mechanisms in international trade. Whether you like that word is immaterial. What most people are afraid of is the interpretation that other people have built up.

The whole structure of society has changed. It is not going to be as simple as my hon. friend thinks; that all you have to do is get up and make a political speech saying that the government has done this or has not done that, when there are no facts behind that kind of speech.

In the matter of changing governments, if you are going to make any change, if your socks are dirty you generally put on a cleaner pair.

An hon. Member: At least you wash them.

Mr. Gillis: Yes, wash them or put on a cleaner pair. In this matter of free enterprise, whether it is in the domestic field or in the international field, the party that seeks to take power from the present government has exactly the same policy. They do not intend to change anything, but to just go on and on and on. It is a matter of "we are in and you are out".

Some hon. Members: Eleven o'clock.

Mr. Gillis: I am not prepared to accept from anyone in this house the statement that we are going to solve the problem by the Conservative party taking power. We want to have better information than the people of Britain got from Mr. Churchill about what another government would do. The fact of the matter is that he is not doing so well, and that was pretty clearly indicated by the swing in the council elections in Britain. The trend is away.

Some hon. Members: Eleven o'clock.

On motion of Mr. Gillis the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will take up the following resolutions and bills: first, the resolution in the name of the Minister of Transport (Mr. Chevrier) concerning the recapitalization of the Canadian National Railways; second, the resolution in the name of the Minister of Labour (Mr. Gregg) concerning an amendment to the Unemployment Insurance Act. Then we will take Bill No. 305, respecting immigration and Bill No. 279, to amend the Industrial Development Bank Act. Then we will revert to this debate that was adjourned just a moment ago.

Mr. Green: That immigration bill has not yet been distributed, according to my understanding.

Mr. Fournier (Hull): The hon. member will have it in his box in plenty of time.

Mr. Fleming: That is not good enough.

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

HOUSE OF COMMONS

Wednesday, June 4, 1952

The house met at three o'clock.

HOUSE OF COMMONS

VISIT TO HALIFAX BY MEMBERS OF PARLIAMENT

Mr. J. A. Blanchette (Compton-Frontenac): I should like to take this opportunity to inform the house of a visit made last week end by a group of hon. members to the province of Nova Scotia, as guests of the Halifax board of trade. Forty-seven members of this house, thirty-nine of whom were accompanied by their wives, took advantage of this kind invitation to see some of the outstanding points of interest in the vicinity of Halifax.

We arrived in Halifax on the evening of Friday, May 30, and were welcomed officially by Mayor R. A. Donahoe. The following morning was the beginning of a most interesting and busy day which included a visit to the Halifax shipyards where a delightful luncheon was served. The naval dockyard, a fish plant and the fisheries research station of the Department of Fisheries were of great interest to us, as was the two-hour tour of the harbour in the mine-sweeper H.M.C.S. *New Liskeard*.

On Saturday night we were the guests of the provincial government at a banquet held in the Nova Scotian hotel, with the lieutenant governor, the Hon. J. A. D. McCurdy, and Premier Angus Macdonald as our hosts. A reception was held after the dinner at the Ashburn golf club.

On Sunday morning we had the opportunity of attending the historic churches of Halifax and then we were graciously received by His Honour the Lieutenant Governor and Mrs. J. A. D. McCurdy at government house where luncheon was served and we were privileged to look through this stately residence.

On Sunday afternoon following a scenic tour through Chester and Lunenburg, we were treated to a real maritime lobster dinner by the town of Lunenburg, the Lunenburg board of trade and the United Maritime Fishermen Limited of Halifax.

I must say that this two-day visit was most valuable as a means of getting better acquainted with a part of Canada which many of us have all too little opportunity to know as well as we would like. The importance of Nova Scotia and the other maritime provinces to the rest of Canada cannot be exaggerated, and I wish, firstly, that more hon. members had been able to participate in this tour, and secondly, that we had had the time to see much more than was possible in this all-too-brief week end.

I am sure that I speak on behalf of all the members who participated, in extending the warmest thanks to Brigadier H. V. D. Laing, C.B.E., E.D., president of the Halifax board of trade, Mayor Donahoe of Halifax, and all those who contributed so much to making our visit interesting and enjoyable. Special thanks are also due to the hon. members for Halifax (Mr. Dickey and Mr. Balcom) for their share in making possible this visit to a most beautiful and, as we can all testify, a most hospitable province.

VETERANS AFFAIRS

Second report of special committee on veterans affairs.—Mr. Mutch.

HOUSE OF COMMONS

REPORT OF CIVIL SERVICE COMMISSION RESPECTING A CERTAIN EMPLOYEE

Mr. Deputy Speaker: I wish to lay before the house a report from the civil service commission in connection with a certain employee of the House of Commons.

QUESTIONS

POLYMER CORPORATION—SHIPMENT OF PRODUCTS

Mr. Murphy:

To what countries did Polymer Corporation Limited ship products in the years 1949, 1950 and 1951, and what was the total amount in dollars to each country in each year?

Mr. Dickey: In view of the fact that Polymer Corporation Limited is in commercial competition with other suppliers, it is not considered in the national interest to give information on sales to other countries.

YUKON RIVER—CONSTRUCTION OF DAM

Mr. Pearkes:

1. Is the government building a dam on the Yukon river above Whitehorse? If so, for what purpose?

2. What is the estimated cost of such dam?

Questions

3. Did the British Yukon Navigation Company at any time build a dam at, or in the same vicinity?
4. If so, was freight from Whitehorse to Dawson and Mayo then transported by river boats operated by the British Yukon Navigation Company?
5. Was the said dam used by said company to hold back water in the lakes above the dam to be released in the early summers and so lengthen the period of navigation on the Yukon river?
6. Is the bulk of freight now transported by road in the Yukon?
7. Is early navigation on the Yukon river still a necessity?

Mr. Fournier (Hull):

1. (a) Yes. (b) To aid navigation.

2. $260,440.

3. Yes.

4. Yes.

5. Yes.

6. The road from Whitehorse to Dawson will not be completed for some time. Heavy freight and passenger traffic will require the maintenance of a satisfactory water route.

7. Yes.

CANADIAN NATIONAL RAILWAYS—STATION AND FREIGHT SHED AT EDMUNDSTON

Mr. Dube:

1. Have any instructions been given for drawing of plans for a new Canadian National station and freight shed at Edmundston, New Brunswick?
2. Is it the intention of the Canadian National Railways to build a new station and freight shed at Edmundston, New Brunswick?
3. If so, when?

Mr. Benidickson:

1. Plans have not been prepared for a new station. Plans are in course of preparation for a new freight shed.

2. A new freight shed is to be constructed. The construction of a new station concurrently is not contemplated.

3. It is anticipated that construction of the new freight shed will be started late in 1952.

HEALTH AND WELFARE FOOD AND DRUG DIVISION—NEW BUILDING

Mr. Lennard:

1. Is the new proposed building for the food and drug division of the Department of National Health and Welfare to be completely air-conditioned?
2. If not, for what reason?

Mr. Martin:

1. No; it is proposed to have only the animal wing air-conditioned.

2. The reason for not installing air-conditioning in the whole building is essentially one of economy. The department considers air-conditioning to be necessary in this climate only where the conditions of temperature and humidity significantly influence the results of experiments and the volume of space to be regulated is too large to be handled by laboratory equipment such as small chambers in which temperature, humidity and air flow may be controlled.

FARM LOAN BOARD—ASSISTANCE TO FARMERS

Mr. Stuart (Charlotte):

1. How many farmers, by provinces, have requested assistance from the farm loan board, from January 1, to December 31, 1951?
2. How many of the applications received were approved by the board?
3. What was the total amount of loans, by provinces, for the same period?

Mr. Abbott:

The accounts of the Canadian farm loan board are maintained on the basis of the fiscal year ending March 31.

1. British Columbia, 302; Alberta, 274; Saskatchewan, 936; Manitoba, 274; Ontario, 740; Quebec, 453; New Brunswick, 152; Nova Scotia, 75; Prince Edward Island, 129; Newfoundland, 4.

2. 1437.

3. British Columbia, $331,200; Alberta, $411,900; Saskatchewan, $1,195,300; Manitoba, $508,800; Ontario, $981,750; Quebec, $370,150; New Brunswick, $169,400; Nova Scotia, $81,800; Prince Edward Island, $185,100; Newfoundland, $3,000.

FISHERIES LOAN BOARD—ASSISTANCE TO FISHERMEN

Mr. Stuart (Charlotte):

1. How many fishermen, by provinces, have requested assistance from the fisheries loan board, from January 1, to December 31, 1951?
2. How many of the applications received were approved by the board?
3. What was the total amount of loans, by provinces, for the same period?

Mr. Abbott:

The accounts of the Canadian farm loan board are maintained on the basis of the fiscal year ending March 31.

1. Quebec 2
   Nova Scotia 1
   Prince Edward Island 1

2. One.

3. Prince Edward Island, $800.

ANNUITY CONTRACTS

Mr. Knowles:

1. How many individual annuity contracts were taken out during each of the following months: March, 1948; April, 1948; March, 1949; April, 1949; March, 1950; April, 1950; March, 1951; April, 1951; March, 1952; April, 1952?

2. For how many persons enrolled in groups were annuity contracts taken out during each of the months indicated in question No. 1?

3. What was the rate of interest used in computing annuity contracts during each of the months indicated in the answers to questions Nos. 1 and 2?

Mr. Cote (Verdun-La Salle):

1.	March	April
1948	1,054	1,565
1949	524	498
1950	518	428
1951	404	357
1952	386	652

2.	March	April
1948	6,624	2,528
1949	2,468	1,307
1950	1,307	1,254
1951	1,928	1,224
1952	835	715

3. March 1, 1948, to April 18, 1948 inclusive, 4 per cent; April 19 to April 30, 1948, 3 per cent; March and April, 1949, 3 per cent; March and April, 1950, 3 per cent; March and April, 1951, 3 per cent; March, 1952, 3 per cent; April, 1952, 3½ per cent.

BONAVENTURE, QUE., WHARF

Mr. Courtemanche:

1. Has any work been done since April, 1952, on the wharf at Bonaventure, county of Bonaventure, Quebec?
2. If so, was such work awarded by contract, or by day labour?
3. If by contract, what is the amount thereof?
4. If by day labour, who is the foreman?

Mr. Fournier (Hull):

1. Yes.
2. By contract.
3. $13,200.00.
4. Answered by No. 2.

ST. CHARLES DE CAPLAN, QUE., WHARF

Mr. Courtemanche:

1. Was any work done on the wharf at St. Charles de Caplan, during the year 1951-1952?
2. If so, was the work done by contract or by day labour?
3. If by contract, what was the amount thereof?
4. If by day labour, who was the foreman?

Mr. Fournier (Hull):

1. Yes.
2. By day labour.
3. Answered by No. 2.
4. Samuel Arsenault.

QUESTIONS PASSED AS ORDERS FOR RETURNS

THEFTS OF ARMED SERVICES PROPERTY

Mr. Diefenbaker:

1. From how many camps or establishments have thefts of armed services' property or stores been discovered in the past month?
2. What are the locations of the camps or establishments in which the alleged thefts took place, and what is the estimated value of the thefts in each case?

Questions

ARMED FORCES—TENDERS FOR KIT BAGS AND CHEFS' CAPS

Mr. Diefenbaker:

1. Have tenders been called by the Department of Defence Production, during the past six months, for kit bags for the army, and chefs' caps for the armed forces?
2. If so, what was the quantity to be tendered for in each case?
3. Have the tenders of any tenderer been accepted? If so, what are the names of the successful tenderers?

ARMED FORCES—CONTRACTS FOR BUILDING OF OFFICERS' MESSES

Mr. Lennard:

1. How many contracts have been let from January 1, 1951, to May 1, 1952, for the building of officers' messes for the defence forces?
2. To whom were they let?
3. What is the value of each contract?
4. In which localities are these buildings being erected?

MOTIONS FOR PAPERS

BONAVENTURE, QUE., WHARF

Mr. Courtemanche:

For a copy of the payrolls and a statement of materials purchased in connection with the work done on the wharf at Bonaventure, county of Bonaventure, Quebec, from April, 1952, to date.

ST. CHARLES DE CAPLAN, QUE., WHARF

Mr. Courtemanche:

For a copy of payrolls and a statement of materials purchased in connection with the work done on the wharf of St. Charles de Caplan, county of Bonaventure, during the year 1951-1952.

CANADIAN BROADCASTING CORPORATION

COAST-TO-COAST HOOK-UP BY PRIVATE RADIO STATIONS—POLICY OF CORPORATION

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. Since I have not given him notice of it, perhaps he will take this as notice. Does the announcement of a coast-to-coast hook-up by private radio stations next Monday imply any change of policy on the part of the Canadian Broadcasting Corporation?

Hon. J. J. McCann (Minister of National Revenue): I shall give an answer to the question at a later date.

KOREA

MARTIAL LAW IN SOUTH KOREA—REPORTED DECLARATION BY SYNGMAN RHEE—REFERENCE TO PROTEST

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, in the absence of the Secretary of

State for External Affairs (Mr. Pearson), I should like to ask the Prime Minister a question. It was mentioned in the newscast at one o'clock today that certain nations engaged with us in Korea had protested the action of President Syngman Rhee. Has Canada associated herself with those other countries?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I will have to inquire from the department just what official action, if any, has been taken and what official information, if any, we have about the action of other nations associated with us in the Korean campaign.

INQUIRY FOR RETURNS

ARMED FORCES—CONTRACTS FOR SUITCASES, TRUNKS, BERETS, ETC.

On the orders of the day:

Mr. F. E. Lennard (Wentworth): I should like to ask a question of the parliamentary assistant to the Minister of Defence Production. On May 15, six questions of mine were passed as orders for returns. These were in connection with defence production. Will the parliamentary assistant advise me when I may expect some action in view of the fact that several of these questions—one in particular—can be answered within the hour?

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): Mr. Speaker, the orders for returns are in the course of preparation. I might advise the hon. member and the house that in order to make complete answers to these returns it is necessary for us to communicate with all the district offices across Canada and to get the figures from them.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CONSTRUCTION OF LINE FROM TERRACE TO KITIMAT, B.C.—CONCURRENCE IN SENATE AMENDMENT

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of and concurrence in the amendment made by the Senate to Bill No. 192, respecting the construction of a line of railway by Canadian National Railway Company from Terrace to Kitimat, in the province of British Columbia.

Mr. Green: May we have a statement on the effect of the amendment?

Mr. Chevrier: Mr. Speaker, in the other place, in considering this bill, it was decided to strike out the last section of the bill, which was the section which purported to absolve the railway from any damages arising because of non-fencing; it also relieved the railway from the obligation to fence this line all the way from Kitimat to Terrace. The government has no objection to that amendment.

Mr. Green: Mr. Speaker, the opposition are glad to approve of the amendment. We tried to get a similar amendment put through when the bill was before the standing committee on railways, canals and telegraph lines, but were unable to do so. Fortunately the Senate has been able to overcome the difficulty.

Motion agreed to, amendment read the second time and concurred in.

CANADIAN NATIONAL RAILWAYS

PROVISION TO RELEASE CANADIAN NATIONAL RAILWAYS FROM CERTAIN CLAIMS BY HER MAJESTY IN EXCHANGE FOR PREFERRED STOCK, ETC.

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide, among other things, that the Minister of Finance (a) shall release the Canadian National Railway Company from certain claims by Her Majesty in exchange for preferred stock of the company; (b) shall release the Canadian National Railway Company from certain other claims by Her Majesty in exchange for an obligation of the company in respect of which interest shall not be payable for a period of ten years commencing on January 1, 1952; (c) shall, out of the consolidated revenue fund, from time to time purchase additional preferred stock of the Canadian National Railway Company to provide a portion of the money required for additions and betterments of the Canadian National Railways system; and (d) shall transfer to the Canadian National Railway Company all the shares of the Canadian National Railway securities trust that are held by him in exchange for no par value shares of the Canadian National Railway Company.

Mr. Green: Mr. Speaker, will the minister make a statement on this resolution?

Mr. Chevrier: Mr. Speaker, I was going to raise again the point which I raised once before and which the Prime Minister (Mr. St. Laurent) discussed the other day on his resolution concerning the library. It was that I be allowed to make my statement in committee of the whole. The statement is not a lengthy one. The advantage of making it in committee of the whole is that questions can be asked on the various pertinent parts of the resolution.

Mr. Graydon: They could be asked, anyway.

Mr. Mutch: Not on the resolution.

Mr. Chevrier: That is the point that I should like to avoid raising, if I could, because there is in this house a substantial opinion with regard to the interpretation of standing order 60.

Mr. Graydon: Mostly on one side of the house, is it not?

Mr. Chevrier: No, it is not. From the interpretation of that section, it would appear that really what we are discussing now is the motion that Mr. Speaker do now leave the chair, and the debate would be not so much on the merits or demerits of this resolution as on the negative aspect of it, whether or not members were against it, leaving it to the discussion in committee of the whole to deal with the merits or demerits.

Again may I say that I do not want to spend any time in discussing a matter of procedure; but when the Prime Minister raised the point the other day, he asked that some consideration be given to it so that perhaps at a later date a ruling might be given in the matter. I am still in the hands of the house. If the house feels that I should make the statement now, I will do so.

Some hon. Members: No.

Mr. Chevrier: For my part, I think the better time to make it would be in committee of the whole.

Mr. Green: Mr. Speaker, the practice in this house for many years has been that a motion of this type is debatable with Your Honour in the chair. There has been no change whatever in that position. If there is to be a change made then it should be done by way of a revision of the rules rather than by way of a minister coming in here on one resolution and saying that there should be no debate with Mr. Speaker in the chair and then another minister coming in the following day and without raising any question at all making a statement which is followed by a debate. We are not consenting to this motion being put and Your Honour leaving the chair without debate and I would ask the minister to make a statement in the usual way.

Mr. Knowles: Mr. Speaker, we should like to be sure whether the Minister of Transport (Mr. Chevrier) is merely requesting the house to let the debate take place in committee or whether he is contending on a point of order that no debate is permissible at this time. If he is making the latter contention I certainly would have something to say about it. If he is merely requesting that we should deal with it in committee as a matter of convenience and it is not taken as a surrendering of our undoubted right, as I see it, to have a debate at this stage, that would be another matter.

Mr. Chevrier: I was asking that I be allowed to make a statement in committee of the whole and I was also making the point, not that there be no debate now but that there was some ground for saying that the debate should be on the motion that Mr. Speaker do now leave the chair and not on the merits of this resolution until such time as we are in committee of the whole.

Mr. Speaker: I have given some consideration to the construction of standing order No. 60 and standing order No. 38. I could dispose of the matter now so far as I have made up my mind from my own research. It has been my practice to hear any representations which hon. members might like to make on any point of order, especially when it is likely to be an important ruling, and I have no intention of departing from that procedure. If it would not take too long at this time I would be glad to hear representations that hon. members might like to make. The hon. member for Vancouver-Quadra (Mr. Green) has stated his opinion and if there are other views to be expressed perhaps it might be advisable to hear them now and I could make my ruling either now or at a later date.

Mr. Graydon: Mr. Speaker, with great deference I suggest that you make your ruling at a later date because I think this comes upon members generally as rather a surprise.

An hon. Member: No.

Mr. Chevrier: It was raised before.

Mr. Graydon: May I still voice my opinion in the chamber. I just wanted to express my opinion. It seems to me that the way the minister put it would be a pretty dry and hollow debate as to whether Your Honour should leave the chair. I do not know that there are many arguments pro or con that could be made with respect to a matter of that kind. Surely the substance of what is before the house is involved in the motion that you leave the chair. It seems to me that in the normal course of events the minister ought to make a statement as he has been doing all through these years. I do not think that we should embark now upon a policy of chiselling away and chipping off the rights that parliament has with respect to these matters. There should be no harm in leaving it as it is. I do not think we can afford to be too technical and I hope the minister will not attempt to take that course at this time.

Mr. St. Laurent: Mr. Speaker, as I raised the question the other day I must protest against the suggestion that I am trying to "chip" away any of the rights of parliament. I merely asked His Honour the Speaker to consider the terms of standing order No. 60 which says that the consideration of the merits of this resolution shall not take place except in committee of the whole. This is a motion for the Speaker to leave the chair and the rule

states that the consideration of and debate on the resolution "may not be presently entered upon but shall be adjourned till such further day as the house thinks fit to appoint; and then it shall be referred to a committee of the whole house before any resolution or vote of the house do pass thereon."

It does seem to me that without chipping away any of the rights of parliament it would be appropriate at this time to have His Honour the Speaker express his view as to what this standing order means. I never suggested that there should not be any debate on the motion that the Speaker leave the chair, but I do suggest that that debate should not be upon the merits of the resolution which is to be considered in committee of the whole.

Mr. Graydon: May I ask the Prime Minister what the debate would be about if we did not use as a basis the substantive motion that is being moved at this time? After all, how can you have a debate on whether the Speaker shall leave the chair if you do not deal with the merits of the issue before the house? That is why I said I thought it was chiselling and chipping away, but I take the Prime Minister's explanation that it is not.

Mr. St. Laurent: I said that there should not be any protracted debate unless there are members who think that the matter suggested is so futile that it is not worth while setting up a committee. That is the only matter to be considered now, because it is in committee of the whole house that the merits of the proposal have to be considered.

Mr. Graydon: Why was this matter not raised before in the House of Commons? This is the first time.

Mr. St. Laurent: I understand that it was raised before. An attempt was made on one occasion to amend the proposal on the motion that the Speaker leave the chair and the Speaker decided that it could not be amended but that the motion that he leave the chair could be debated. Practices do grow up and the hon. member for Vancouver-Quadra (Mr. Green) makes them into standing orders which cannot be departed from. For instance, one practice that has grown up is that, when we are in committee of the whole on a bill, the whole bill is discussed on the first section. I think that is a practice that sometimes leads to unnecessary and repetitious debate in the house. I think all hon. members feel that we spend more months doing the business of parliament than should really be required. Perhaps if we adhered more strictly to the standing orders and did not introduce and extend practices which in time are regarded as rules we would be able to deal quite sufficiently and fully and somewhat more expeditiously with the matters that have to be dealt with by the house.

Mr. Green: If this question is to be decided by Your Honour then I suggest that some time be given to the opposition parties to enable them to go into the standing orders and decide the best way in which their arguments should be made to Your Honour. There can be no doubt that if the Prime Minister's suggestion were adopted we would be taking away one occasion for debate on a measure. As I said a few moments ago, that right of debate has been in existence for many years and I do not believe it should be taken away without such change being given the most careful consideration.

During the present session we have had ministers time after time introducing resolutions and getting up and making statements upon request without raising any objection. I think the Prime Minister has been the only minister who has raised this point during the present session. I do not think that it is fair that it should be decided without being given the most careful consideration. After all, this is an abridgement of what we consider to be the rights of parliament.

Mr. St. Laurent: I think the suggestion that there be time to allow members to consider what arguments they should make to the Speaker is a reasonable one. I would not want to object to that. My sole desire was to have it clearly established what was the real effect of standing order 60, and I do not want to have it decided on my view of it. I want to have it decided on what is the proper construction of it, and if the hon. member feels that he would like to have further time I think that would be a reasonable suggestion. I know that the hon. member for Winnipeg North Centre is ready now to submit his views.

Mr. Knowles: Hear, hear.

Mr. St. Laurent: Perhaps it might be helpful to the hon. member for Vancouver-Quadra, as I know it would be helpful to me, to hear those views.

Mr. Abbott: Come on, Stanley.

Mr. Graydon: By invitation.

Mr. Knowles: I accept the Prime Minister's invitation. I believe I heard some hon. members suggesting that I do not need such an invitation, and that is true because the Prime Minister raised this point some days ago when we had before us the resolution preceding the bill respecting the national library. I have had the opportunity, as Your Honour has had, to do a bit of research on the matter. The

first point I should like to make is that when one looks at the wording of standing order 60 one should not gloss over the words, "and then it shall be referred to a committee of the whole house". It should not be assumed from that wording that there is no debate at that stage. Indeed, what we have before us is in effect a motion to refer this matter from the house itself to a committee of the whole house. There is no question, as the Prime Minister himself has said, but that such a stage is debatable. I intend to bring forward other arguments which perhaps are not quite so involved as is the question of trying to interpret these words, but I submit that the words of standing order 60 make it clear that this is a debatable stage.

May I point out that you have to read standing order 60 in conjunction with standing order 38 (1) (a) which reads as follows:

The following motions are debatable:

Every motion (a) standing on the order of proceedings for the day (except government notices of motion for the house to go into committee at a later date).

Everyone knows what that exception refers to. It refers to government notices of motion on the day when a minister stands up and announces he has the approval of the Governor General. Apart from that exception, it is clear that every motion standing on the order of proceedings for the day is debatable. That is what we have today, a motion standing on the order of proceedings for the day, and it is clearly debatable.

Further evidence that this motion is debatable is found at page 164 of Beauchesne's third edition. On that page under citation 435 we have a very lengthy dissertation under the heading "Procedure on money bills is as follows". I do not intend to go into it at length, but it is one of those places where Dr. Beauchesne has spelled out the procedure very clearly and gives the procedure for the first day, second day and third day. Under "second day" we find No. 6 which reads:

Minister moves that Speaker leave the chair for house to go into committee of the whole on the resolution.

Then No. 7 reads:

Speaker puts question on motion. (Debate allowed.)

In other words, there is no question about it. Beauchesne says clearly that debate is allowed at this stage.

The next point I wish to make arises out of something that the Prime Minister said, namely, that this matter has been under consideration. I have on my desk *Votes and Proceedings* for three different days containing the reports made by committees that have discussed procedure in days gone by. The first one is for Friday, March 3, 1944. The committee on procedure of that year made certain recommendations regarding standing order 60 the purpose of which was to avoid debate at that stage, indeed to avoid that stage itself, where the main purpose of a bill was other than financial and where its financial aspect was merely subsidiary. My point is that a reading of the recommendation made in 1944 will make it clear that that committee had no doubt that the stage we are now discussing was debatable. The same thing happened in 1948.

Mr. Speaker: Order. I hesitate to interrupt the hon. gentleman but all hon. members who have spoken today seem to be of the opinion that the motion is debatable. I might say that I too am of that opinion, and unless there is some objection it is unnecessary to give me any further views on that aspect of the question. The problem which concerns me is the extent to which debate should be allowed at this time. This question has been before the house at different times, and since standing order 38 was put into effect it has been ruled that the motion is debatable but that the resolution, which I might say is different from the motion, is not amendable.

At that time the Speaker was the Hon. J. A. Glen. He ruled that debate should be directed to the negative of the motion. I remind hon. members that the motion before the house is not a resolution but is a motion that the Speaker do now leave the chair etc. Mr. Speaker Glen ruled—and his ruling has never been reversed—that the debate should be directed to the negative of that motion. As I say, the question which has given me some concern is the extent to which I should allow debate when that motion is put. If any hon. members would like to direct their remarks to that aspect of the subject I shall be glad to hear them.

Mr. Knowles: I certainly was coming to that aspect of the subject—

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Knowles: —because as a matter of fact the points I was about to raise would have led in a moment or two to the very ruling that Mr. Speaker Glen gave on February 23, 1942. Perhaps you will permit me a moment longer to refer to the other two reports made by committees on procedure. One was on June 25, 1948, and the other was on the 13th of December, 1951. The report on June 25, 1948, actually recommended that the whole debate at this stage be done away with and that the motion that Mr. Speaker leave the chair pass without debate. My

point in directing attention to that is that the committee recognized, as Your Honour has now suggested, that there is no question at the moment but that debate is allowable at this stage. The question in Your Honour's mind is merely as to the extent of that debate. It so happens that the report of the committee made on June 25, 1948, was not adopted so that stage of debate was not abolished; in other words, it still stands. The report made on the 13th of December, 1951, did not contain any recommendation in respect of debate at this stage but it did include it in part 3 of the committee's report as one of the steps that might be considered, namely, having Mr. Speaker leave the chair at once, on a resolution preceding a money bill, without question put. My contention is that in a sense the whole question is sub judice. It is being considered by the committee on procedure, and I submit that it is unfair for a question being considered by that committee to be settled in the meantime by a ruling upon a point of order raised by the Prime Minister.

Now, Mr. Speaker, as Your Honour has pointed out, and as the Prime Minister has indicated, on February 23, 1942, the member for Bow River (Mr. Johnston) had moved an amendment to a motion at this very stage. What happened? The then prime minister, Mr. King, raised two points of order. His first point of order was that the motion was not amendable at that stage. His second point of order was that there should not be any debate at that stage at all. The debate on these points of order was participated in by the then prime minister, by the late Mr. Hanson, by the present member for Vancouver East (Mr. MacInnis) and by two or three others. The Speaker of the day reserved his ruling until after the dinner recess and, when he made his ruling, he ruled that the motion was not amendable, as Mr. King had argued, but on the second point he differed with Mr. King. Indeed, he ruled quite clearly that the motion was debatable at that stage. He pointed out that standing order No. 38 had been brought in subsequent to standing order No. 60 and that therefore if there was any conflict one had to go by standing order No. 38.

Having said clearly that this was a debatable stage, he did say as Your Honour has suggested, and I quote from *Hansard* of February 23, 1942, at page 800:

> What extent may be allowed in the debate is a much more difficult problem. All that is asked of the house is that the Speaker leave the chair for the house to resolve itself into committee of the whole.
>
> The debate, therefore, must be directed to the negative of that motion, that the resolution should not be submitted to the committee of the whole, for, as I have pointed out, no amendment at this stage can be in order.
>
> In my judgment the debate should be general, with no reference to details, all of which can be discussed in committee, and on the bill which follows the resolution.

In other words there is no question but that debate is allowable and likewise there is no question but that general debate is allowable.

Mr. Speaker: Order. Did Mr. Speaker Glen not say at that time that debate should be directed to the negative of the question?

Mr. Knowles: I read that very paragraph. I read three paragraphs of the ruling and I read in particular the paragraph which Your Honour has just asked me about.

Mr. Speaker: That was the ruling which he made.

Mr. Knowles: I will read it again:

> What extent may be allowed in the debate is a much more difficult problem.

Your Honour has said the same thing.

> All that is asked of the house is that the Speaker leave the chair for the house to resolve itself into committee of the whole.
>
> The debate, therefore, must be directed to the negative of that motion, that the resolution should not be submitted to the committee of the whole, for, as I have pointed out, no amendment at this stage can be in order.
>
> In my judgment the debate should be general, with no reference to details, all of which can be discussed in committee, and on the bill which follows the resolution.

I submit that ten years' practice since the ruling made by Mr. Speaker Glen should be taken into consideration. The house has found it impossible during the past ten years to have one-sided debate. Nothing could be more impossible. I submit that if it is in order for one member to get up and say that Mr. Speaker should not leave the chair, surely it is all right for another member to get up and say that the Speaker should leave the chair.

I submit that that aspect of Mr. Glen's ruling has not been carried out because it has been impossible to permit speakers to oppose a motion without permitting others to speak in favour of it.

As to keeping debate to the strict terms of the motion, that the Speaker should leave the chair, obviously such a matter could not be the subject of debate—the actual moving of the Speaker from the chair down to somewhere else—but surely what is before us is the reason for the motion that the Speaker leave the chair. The reason Mr. Speaker is asked to leave the chair is so that the committee of the whole can consider a certain resolution. I suggest that unless we hear the pros and cons, and surely we are entitled to

the pros and cons, there is no point in having debate at all. I submit it should be one or the other: either at this stage debate should be abolished as the 1948 committee proposed, or, if debate is allowed, it should be on whether or not it is desirable on the part of the house for Mr. Speaker to leave the chair so that we may consider a particular resolution. Surely the subject matter of the resolution itself is involved in discussing the pros and cons of this motion that Mr. Speaker leave the chair, since he is to leave it for a clearly stated purpose.

As I said a moment ago, this whole question being one that has been under consideration by three procedural committees—and, by the way, it was included in the agenda of the procedural committee for this year—it should not in the meantime be decided by Mr. Speaker being asked for a decision before that committee has had a chance to make a recommendation back to the house.

Mr. St. Laurent: Does the hon. member for Vancouver-Quadra (Mr. Green) feel that he should have time to consider and submit arguments?

Mr. Green: Yes.

Mr. St. Laurent: Perhaps the house will find that is reasonable, because this is a matter of considerable importance. I do not think the hon. member for Winnipeg North Centre (Mr. Knowles) is seriously suggesting that the Speaker should not interpret the rules as they stand, even while a committee is considering what changes to the rules if any are required.

The first thing to ascertain, as the basis for a decision as to whether there should be a change, is what the rule without a change actually means, and I think the house would be glad to have after further consideration or whatever further argument may be advanced about the interpretation, the opinion of Mr. Speaker on that question. If that were agreeable to the house we would provide another opportunity on another resolution for the hon. member for Vancouver-Quadra to submit his views to Mr. Speaker before he makes his ruling. Perhaps with that, and in view of the statement I made the other day while the Speaker was in the chair, the house today would agree that the Minister of Transport (Mr. Chevrier) make his statement while the house was in committee. There would be no prejudice to the proper interpretation of the order one way or the other. If the house preferred, however, that he do make his statement while the Speaker is in the chair, I do not think we should take more time about it until we have reached the point where we are going to have all the debate ended and an expression of opinion by Mr. Speaker upon it.

Mr. Green: I suggest without prejudice to any of us that the Minister of Transport make his statement now.

Mr. Chevrier: This resolution has to do with the capital structure of the Canadian National Railways. The national railway system is comprised of some eighty active companies falling under two main groups, that is, the Canadian National group which includes the old Grand Trunk, the Grand Trunk Pacific, the Grand Trunk Western and the Central Vermont. The other group is the Canadian Northern group which includes companies comprised in the Canadian Northern system.

In addition to the two major groups, the national system includes the Canadian government railways, the operation and management of which have been entrusted to the Canadian National Railway Company, and whose income statements are consolidated with those of the national railways.

In 1937 the capital structure of the national company was revised by the Canadian National Railways Capital Revision Act, 1937. This act did not deal with the large funded debt in the hands of the public but was a revision of the financial relationship between the government and the Canadian National Railways. As between the government and the railways that act provided for the elimination from the balance sheet of the national railways of certain amounts relating to accumulated losses in operation and interest charges. Some worthless capital stocks were also written off on the basis of arbitration awards. A corporation known as the Canadian National Railways Securities Trust was created by the 1937 statute for the purpose of taking over and preserving the priority claims of the government against the Canadian Northern, Grand Trunk and Canadian National Railways for loans and accrued interest.

The question of further revision of the capital structure of the national railways which was dealt with in part by the capital revision act of 1937, was referred in 1948 to the royal commission on transportation. The commission was directed to review the capital structure of the Canadian National Railway Company and report on the advisability, or otherwise, of establishing and maintaining the fixed charges of that company on a basis comparable to other major railways in North America.

Canadian National Railways

In the brief submitted by the Canadian National Railways to the royal commission it was urged that—

> To achieve comparability of fixed charges with other major railways but excluding relief in respect of the lines operated in the public interest, that portion of the bonded indebtedness of the Canadian National as is held by the government should be converted to equity capital. To provide the relief required in respect of the lines operated in the public interest, the publicly held bonded indebtedness of the Canadian National should be assumed in whole or in part by the government or alternatively relief should be provided by such other action as can best be adapted to the needs of the situation.

The royal commission considered at length the problem of the capital structure of the national railways, and the proposal for recapitalization made by the national company. The recommendations of the commission are found in chapter VI of the commission's report and are briefly summarized as follows:

1. That the Canadian National Railways be reimbursed annually by the government for the operating losses of the Newfoundland railway and steamship services, and also for capital expenditures in respect of the said railway and steamship services.

2. That government loans totalling $743,661,000 at December 31, 1949, be converted into three per cent income debentures on which interest would only be paid if earned and would not be cumulative.

3. That the shares of the securities trust now held by the government be turned over to the national company in exchange for an equal number of shares of the company.

4. That after payment in the first place of the interest charges on debts due to the public, the national railways be allowed to accumulate out of earnings in each year a reserve or "something to come and go on".

5. That after payment of the interest on the debts due to the public, and the setting aside of the reserve, an amount equal to three per cent on the outstanding government loans, or the balance of the earnings, whichever is the lesser, be paid to the government.

6. That losses, if and when realized, should be charged against accumulated reserves and surpluses. If no reserves or surpluses are available, such losses be reimbursed by the government to the company.

7. That any capital required to finance the company be obtained from the sale of bonds to the public and income debentures to the government.

8. That surplus earnings, if any, after payment of the aforesaid charges, be dealt with at the discretion of the directors of the company.

The recommendations of the royal commission have been carefully studied by an interdepartmental committee comprising representatives of the government departments and agencies most immediately concerned. On the basis of this committee's report the government proposes to introduce a measure which is outlined in the resolution before the house.

There are four parts to the resolution. First, it is proposed to release the Canadian National Railway Company from certain claims in respect of outstanding government loans in exchange for preferred stock of the company. This proposal follows from the second recommendation of the royal commission. The terms of this part of the resolution indicate a divergence from the second recommendation of the royal commission, and it is considered that issuance of preferred stock by the national company in exchange for a release of indebtedness to the government is a more realistic way of dealing with the problem.

The second part of the resolution deals with certain obligations of the company to the government which will be interest free for a ten-year period from January 1, 1952.

The third part of the resolution indicates the method of future financing of the company to provide for additions and betterments.

The fourth part of the resolution is intended to implement the third recommendation of the commission, that the shares of the securities trust be turned over to the national company in exchange for an equal number of shares of the company.

Hon. members who are familiar with the complex nature of the capital structure of the national railways will appreciate the effort that has been spent in trying to find a capital structure that would not impose too heavy a burden on the railways and at the same time would give the railway management and employees sufficient incentive to meet all fixed charges and show a healthy surplus at the end of the year's operations. The measure which will be introduced if this resolution is approved is designed to accomplish that purpose.

I believe at this stage, Mr. Speaker, I should state that when the measure which this resolution precedes has received second reading, I then propose to move that it be referred to the committee on railways and shipping, owned, operated and controlled by the government.

Mr. Howard C. Green (Vancouver-Quadra): We thank the Minister of Transport (Mr. Chevrier) for the statement he has just made on this resolution, Mr. Speaker. It will be very helpful in considering the merits of the measure. This afternoon I do not propose to say anything about the actual financial

structure of the company, because that will be dealt with by my colleague the member for Greenwood (Mr. Macdonnell), who is by way of being a financial expert—I say that without prejudice—and much better qualified to deal with that aspect of the subject than I am.

However, I would point out to the minister, and to the house, that the official opposition are glad to give whatever help is possible, particularly having in mind the personnel of our Canadian National Railways. We believe that they are entitled to encouragement in their work, and that something must be done to deal with this capital structure. We are agreed that if a reasonable measure can be enacted it will give those Canadians who are serving us in the national railway encouragement to go on and promote the efficiency of the line. In that way, of course, the measure would be of benefit to the nation at large. We are agreed also that when the bill receives second reading it should be referred to the special committee on government-owned railways and shipping. It would seem that would be the best committee to deal with the bill, because the members of that committee have been accustomed to reviewing the financial situation of the railway each year.

When this resolution gets into committee, I would hope that the minister will give us further details. There will be various questions asked by members of the opposition; for example, we would like to have a further comparison of the proposals now being made by the government with the recommendations of the Turgeon commission. As the minister pointed out, that commission made eight recommendations which are found on pages 196 and 197 of their report. We ask him to deal fully with each one of those recommendations, showing how this new plan of the government compares with the suggestions made by the commission. The minister has not given those details in the statement which he has just made. In view of the fact that the Turgeon commission went into this whole question so carefully and made such a detailed report, we believe that the committee of the house is entitled to have a further comparison made by the minister.

Mr. W. Ross Thatcher (Moose Jaw): The members of this group are certainly, as a whole, sympathetic to the principle of the resolution which is before us. The purpose, if I understand it correctly, is to scale down the top-heavy debt structure of the Canadian National Railways and put it on a financial basis which is realistic.

We welcome this resolution because we do not believe that the original debt obligations which were assumed by the Canadian National Railways were fair to the company. Many critics of the Canadian National Railways have suggested that it has not paid its way because it is publicly owned, and therefore not efficiently operated. That is certainly not the case. As all hon. members know, the system started out as a series of private companies. Those private companies got into financial difficulties, and were on the verge of bankruptcy. The federal government deemed it in the national interest to take them over to prevent bankruptcy. However, in so doing, the government did not pare down the debt obligations, and so the Canadian National Railways started out as a publicly-owned system with debts I believe of more than $800 million as a carry-over from the old private systems. That situation has become worse through the years, because, through government policy, the Canadian National has been forced to take over other lines which were not showing a profit for one reason or another. Thus, ever since its inception, the Canadian National has been saddled with an impossible debt structure. It could not possibly show a profit except during a war, or under some other abnormal condition.

We think such a situation is not sensible; we think it is bad for morale as far as the employees are concerned, and as far as the public generally are concerned. We think it is essential that the success or failure of current operations of the Canadian National should be made clear, and not be obscured as they are today. We are not sure from this resolution whether the bill which the government is contemplating goes far enough, but we hope that it does and that it is going to be realistic.

A short time ago many Canadians wondered about the wisdom of appointing Donald Gordon president of the Canadian National Railways. Many people knew that he had not had much railroading experience. Indeed Mr. Gordon himself admitted that his only railroad experience was riding on a passenger train. But today those doubts are disappearing. Canadians are now paying tribute to the job that Donald Gordon is doing. I suppose that this resolution is a direct result of the vigour which he has shown in facing the financial problems of the Canadian National. Certainly he has made remarkable progress in solving that knotty problem, because apparently the government is adopting many of the views which he expressed.

We think, Mr. Speaker, that this bill should put the financial structure on a realistic basis. Having done that, we then feel that the Canadian National should then be operated efficiently and economically from the point of view of the taxpayer. I think

it is fair to say that in the future, if this debt structure is realistic, the Canadian National should be expected to pay its way; that is, except on those lines that are taken over in the national interest for expansion or development. In view of our larger population, and in view of our development of natural resources which is going on at the present time, the Canadian National should be able to operate on a profitable basis after the passage of this legislation. We therefore will support this bill.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I should like to add a few words to what has been said. I think that everyone agrees that there is a problem here which we wish to see solved. The problem is to try to make the structure of the Canadian National Railways, in the words of the hon. member for Moose Jaw (Mr. Thatcher), realistic.

The problem is of course 35 years old or more, and various attempts have been made to grapple with it. Those of us whose memory goes back further than we like to admit recall that immediately after the first war there was a great period of questioning about the railway, whether it could go on at all or not. Then of course the same situation arose in the early 1930's during the depression when the Duff commission made a report.

I think it is desirable for us to remind ourselves that the lines included in the Canadian National at the present time consisted of lines originally owned by both the government and private individuals. For example, we have the Intercolonial and the National Transcontinental, formerly owned by the government. On the other hand we have the Canadian Northern system of lines and the Grand Trunk Pacific which were privately owned. These I think are the chief components of the railway.

We all recognize, too, that there are two arguments which can be used. There is one argument which says we must have regard to history; that not a cent should be written off; that is, that the balance sheet should continue to show the whole background of the operation. I think that is a strict and rather rigid approach to the matter. It has this great disadvantage. While it is stated in the Turgeon report that the changes made in the capitalization do not really affect operation in a very real sense they do affect operation, because we know that morale affects operation, and that when men are carrying a load which they feel can never be borne comfortably it does affect them. We all recognize that it is discouraging for men to have to come along year after year and show a deficit. Therefore I think everyone feels that an adjustment should be made. The only question is, how much and in what way?

I should like to read one or two brief comments from the Duff report, because I think it is interesting to see just what has been the attitude, going back over the years. I shall read briefly from page 30 of the Duff report. I should like to say first of all about this report that we owe a great deal to the men who made it, because they made it at a time of great discouragement; they made it at a time when many people thought that it was impossible for two railways to continue as separate entities. The report which they made had a great deal to do with the fact that they have been so maintained; and it is a great blessing to the people that they have been. Instead of having one monopoly—and what an overwhelming monopoly it would have been—controlling all the railways of this country, we have had two competing lines, and it seems to me that the competition has been much more effective, much more real and much more healthy perhaps than one could have anticipated. It has been all to the good.

I read now briefly from page 30 of the report of the Duff commission, which came out in 1932:

> It has been suggested in view of the excessive capital liabilities in relation to the earning power of the system . . .

That is the national system.

> . . . they should be reduced to an amount which would more nearly approximate the earning power of the railway. The net operating income (i.e., the amount available for interest and dividends) of the Canadian National system for the period 1923 to 1931 inclusive averaged $24,414,447 per annum. This figure would require adjustment if adequate provision were made for depreciation. It is obvious that on this basis of earnings the capital liabilities would require a very drastic writing down.

That was the statement made by a group of able businessmen who studied the matter at that time. I continue:

> And while this commission is of opinion that it must be frankly recognized that a very substantial part of the money invested in the railways comprised within the Canadian National system must be regarded as lost and that its capital liabilities should be heavily written down, they do not consider that the time is opportune to deal with this important matter.

I think the commission was wise in that, because they had the sense to know that we were going through a period then which was one of acute and abnormal depression, and so I think they were wise to leave the matter over.

I should like to read briefly also from the recommendations which they made, and which I think have been very important in the

railway history of this country. I read from page 63:

For the sake of clarity certain main considerations which have been present to our minds are here stated—

(i) The identity of the two railway systems should be maintained.

(ii) The management of the National Railways should be emancipated from political interference and community pressure.

(iii) Machinery should be provided for co-operation between the two systems for the elimination of duplicate services and facilities and the avoidance of extravagance.

It is pertinent to remark there that, in fact, an effort has been made in that direction and not without results. To continue:

(iv) The attainment of a scale of economies which will bring the burdens of the National System within reasonable dimensions and effectively check extravagant and costly operation.

(v) Reasonable protection for the privately-owned undertaking against arbitrary action by the publicly-owned undertaking which might unfairly prejudice the interests of the privately-owned undertaking.

It seems to me that by and large those recommendations have been fairly well carried out. That report came out in 1932; and in 1937, when the present Minister of Trade and Commerce (Mr. Howe) was minister of transport, a further step was taken by legislation, when a very considerable easement was given to the national railways. At that time a total reduction was made by writing down of capital stocks, by the elimination of loans which had been applied on deficits, and by the elimination of accrued interest on loans. There was a total of $1,167,426,690.08 that was written off at that time. At the same time the then minister of transport made one or two observations which I should like to read. Speaking of the measure—and I am reading from page 181 of the report of the Turgeon commission—he said:

This is a measure to authorize, along constructive lines, reasonable adjustment of the present unbalanced and excessive capitalization of Canadian National Railways. The adjustment confines itself to the relationship between the government and the railway and does not deal, in any way, with the funded debt of the railway in the hands of the public.

I understand that that is true of the present proposal also, but that we shall learn later when we are in committee. I continue to read from the statement made in 1937 by the then minister of transport:

As between the government and the railway, the plan preserves in full all capital sums invested by the dominion in the railway: any amounts to be eliminated relate to losses in operation and interest charges. Worthless capital stocks are to be written off on the basis of arbitration awards.

That brings us up to the Turgeon report and to the proposals which are now before us. As has been already said by my colleague the hon. member for Vancouver-Quadra (Mr. Green), the Turgeon commission studied this matter carefully. Since 1937 there have been good years and bad years with the national railways, but the burden has accumulated and we are now faced with an attempt to introduce a realistic principle into the situation. I should like to read briefly from what the Turgeon commission itself says as to the aims which they considered should be before those engaged in proposing a new capitalization. I read from page 196 at the top of the page:

The problem seems to resolve itself into a search for a capital structure which would not impose too heavy a fixed charge burden in bad years but would ensure that a reasonable portion of surplus earnings would be paid to the owners as a return on invested capital in good years.

I digress there for a moment to remind the house, Mr. Speaker, of the rather anomalous situation that we have, where the same person is owner and creditor or proprietor and creditor. This fact does create a difficult situation. I think we have always got to bear that fact in mind. When we are looking at a measure to change the capital structure of the railway I think we should bear in mind the fact that we, the people of Canada, occupy both those roles. Hence, when we are considering what shall be debt and what shall be shareholding, that aspect should not be absent from our minds. I continue to read from page 196 of the report of the Turgeon commission:

A revision of the capital structure or fixed charges of the Canadian National Railways should make provision for the following:

(1) Some relief from the present heavy fixed charges so that deficits will not be experienced under efficient management when normal revenues are obtained.

That seems to me to be a sensible objective. It is much easier to state it in general terms than it is to put it into figures; but it does seem to be a clear objective with which any fair-minded man would agree, namely, that under efficient management, with normal revenues, there should be a possibility of earnings. Let us remind ourselves that since the Turgeon report was written the law has been changed to the effect that the railway will now pay income tax if it has taxable earnings. I continue to read from the report:

(2) The accumulation out of earnings, when available, of some reserve, or what has come to be known as "something to come and go on" to provide for additions and betterments.

(3) The payment to the government of the balance of the earnings, or some substantial portion of that balance, after interest charges on debts to the public and provision for a reasonable reserve.

I hope, Mr. Speaker, that I have succeeded in putting before others, as I have tried to put before myself, the problem that we face. The minister has already indicated that, in the measure which is to come before us, the

recommendations of the Turgeon commission have been in part accepted and in part not accepted. When we get into committee I would hope that the minister may be able to give some more detail beyond the purely general statements we have in this resolution. In the second place, I would hope that he would be able to give some indication of the principles which were followed by the committee of government departments which, I understand, considered the matter before this measure was prepared. What is its relation to the report of the Turgeon commission? The Turgeon commission gave certain illustrations of how they thought their recommendations would work out. The minister has indicated that there has been considerable departure. Among other things I hope that the minister will be able to give some further figures today. In any event, I hope he will be able to tell us in some detail what yardstick they applied and what we are to apply in our own minds in trying to assess the measure.

There is just one other question that I should like to ask before I sit down. I think the minister has indicated that the publicly held indebtedness is not touched. I want to ask about this special company that was set up in 1937. I always forget the name of it. I refer to the securities trust which was set up for the holding of special securities which it was desired to keep alive. I want to be further informed as to just why that extra company is needed. Is it feared that, unless there is a separate company to hold these securities, in some way or another there may be a merging and the priorities of the Canadian National Railways may be lost? If that is not the reason, then why do they need to have this complication which makes it so much more difficult? I remember, Mr. Speaker—as I think you and also the minister will—that when we asked Mr. Donald Gordon about it in committee, he rather laughed and said he thought there was only one man in the world who understood what it really was for. Unfortunately he has retired from the Canadian National service. If that is true it may be like the man who was asked by his professor to explain electricity and who replied that he had known once, but had forgotten. The professor said, "What a pity, the only man in the world who ever knew has forgotten." I do not know whether we are in that position with regard to the securities trust, but that is one question I ask now by way of anticipation. And finally I do hope the minister will be able to assist us by advising what basis of approach was used in the resolution now before us.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my remarks at this stage will be brief. As has already been indicated, we welcome this resolution. Indeed, for many years we have been urging the revision of the capital structure of the Canadian National Railways. We are glad also that in addition to his usual readiness to answer questions when we get into committee on the resolution the minister has agreed that after second reading the bill will be referred to the committee on government-owned railways and shipping.

As has been indicated by others who have spoken, the reason this measure is so welcome is that we feel it has been most unfair to the Canadian National Railways to have to operate on the basis of an unrealistic capital structure. We feel that the deficit position which has been characteristic of Canadian National operations has been unreal and it is only fair that there should be a new structure so that the system will be able to indicate a true picture of its operations.

While approving of that aspect of the measure it seems to me that this is an opportune time to suggest to the minister that he should also deal with another aspect of Canadian National matters. We have spoken of the unrealistic position of the company; we have spoken of unfairness; we have spoken of its deficit position. May I now remind the minister of the unrealistic position of a great many retired employees of the Canadian National Railways and the tragedy of their deficit position. He may be amused at my raising the subject again, but he knows that I will keep on raising it.

I suggest to him that human beings deserve just as much consideration as capital structures. I feel that it would be a proper move on his part to deal with this other problem at the same time. He may well tell me that pension adjustments cannot be included in this bill for technical reasons, but this is a problem that certainly could be dealt with by the government in the form of supplements in the estimates, particularly in so far as it concerns the more than 3,000 retired employees whose pensions are only $25 a month. I suggest that this pension problem should be dealt with at the same time as this change in capital structure is being made.

Mr. W. Chester S. McLure (Queens): Mr. Speaker, I am not going to speak at length about this resolution but it seems strange to me that just when this resolution is coming up before the house all members should have received a letter from London, England, with regard to the railroads of a few years ago. No doubt the minister has received one of these.

Mr. Chevrier: No, but I am listening carefully to the letter.

Mr. McLure: This letter is from 47 Fleet street, London, England, is dated May 20, and is signed by Francis Brandon Lacy, Fellow of the Institute of Bankers. It is a rather long letter and it is probably not advisable to put it on the record of the house. It has reference to the Grand Trunk Railway of Canada and its subsidiaries. These people make a definite offer at which they are ready to sell their certificates. I thought I would just mention this at the resolution stage and find out what the minister's opinion is on the matter.

Mr. G. M. Murray (Cariboo): Mr. Speaker, I think that this is a very forward step in connection with the railroads of Canada. Up in the northwest we feel that in Mr. Donald Gordon we have a progressive man who is well qualified for the important position he occupies. We feel that all he needs to make a tremendous success of this operation is the wholehearted support of parliament and the sort of legislation being suggested here.

I think there are other improvements that could be made in respect to the Canadian National Railways. There is room for a man from British Columbia, preferably northern British Columbia, on the board of directors. It is regrettable that there is no director representing that great northwestern area.

Mr. Hees: Whom have you in mind?

Mr. Murray (Cariboo): There are many able men in Edmonton, Vancouver, Prince Rupert, Kamloops and those progressive, lively new centres of Dawson Creek, Grande Prairie, Grimshaw and Yellowknife. These places are surging with life and are producing great wealth. Some of the areas are denied the advantage of a modern railway service.

The town from which I come is fifty miles from a railroad. We are serviced by air and by motor trucks, but it is unthinkable that a rich farming area like that, with lumbering, mining and everything that makes for freight for transcontinental railways should be deprived of rail service.

If I were vice-president I would overhaul all these things. If some of my hon. friends think that there is a shortage of talent I would not mind acting in that capacity. But it might be bad news for our friends in Ontario and Quebec because I would suggest pulling up some of the unnecessary lines in the east where the C.N.R. has a transcontinental line within a few miles of another transcontinental route. We see trains leaving the terminal at the same time and duplicating the service. Probably they are half empty, but they must continue to operate.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

Mr. Macdonnell (Greenwood): First of all I should like to ask whether we may have any figures to enable us to work on and fill out the resolution, particularly paragraphs (a) and (b).

Mr. Chevrier: I have been asked a number of questions. I am afraid that if I answered them fully I would be infringing the rules of the house but I will answer them as completely as I can and give the information which I know the committee wants while still trying to abide by the rules. First of all I should say I am highly pleased that the opposition favour the principle of the resolution and believe that the capital structure of the Canadian National Railway Company should be scaled down considerably in order to afford relief from that burden. It has been suggested that I might give a more detailed explanation of the four parts of the resolution and also compare it, if at all possible, with the proposals of the royal commission on transportation. I will do both as best I can.

Paragraph (a) of the resolution recommends that the Canadian National Railway Company shall be released from certain claims by Her Majesty in exchange for preferred stock of the company. The amount the royal commission recommended should be granted as relief was $743,661,000 as of December 31, 1949. Without mentioning the amount which will be found in the bill, it is very close to that figure. There is a little difference between the two amounts, and the main difference is that instead of recommending that the government accept income bonds bearing an interest rate of 3 per cent in respect of the cancellation of this debt the bill will provide, as the resolution states, that the government accept in lieu thereof 4 per cent preferred stock.

Mr. Thatcher: Will those be cumulative?

Mr. Chevrier: No, they will not.

Mr. Green: Why was that difference made?

Mr. Chevrier: I think they were non-cumulative in the report of the royal commission.

Mr. Macdonnell (Greenwood): They were income bonds.

Mr. Chevrier: Yes. They are on the same basis in this resolution except that instead of accepting an income bond the government will accept 4 per cent preferred stock. If I may go on from there, the second part

of the resolution recommends that the Minister of Finance shall release the Canadian National Railway Company from certain other claims by Her Majesty in exchange for an obligation of the company in respect of which interest shall not be payable for a period of ten years commencing on January 1, 1952.

The royal commission dealt rather extensively with relief from the indebtedness incurred because of the assumption of the operation of the Newfoundland railway, and stated that the Canadian National Railways should be reimbursed annually both for the capital expenditures it would have to make in respect of that railway and also the operating losses, if any. Paragraph (b) of the resolution is not in any way connected with the Newfoundland railway. Certainly it is not in the resolution and certainly it will not be in the bill, but a substantial amount additional to that which I indicated earlier will be given as relief to the Canadian National Railways, and in exchange for that substantial amount the Canadian National Railways will give an obligation. That obligation will be free from interest for a period of ten years and free from payment of capital for a period of twenty years. In other words with respect to part (b) of the resolution, which provides for the granting of relief in a substantial sum, there will be a moratorium for ten years so far as the payment of interest is concerned and for twenty years so far as the payment of principal is concerned.

Mr. Macdonnell (Greenwood): Does the minister mind being interrupted for questions as we go along? Is it a fact that the minister said the figure with respect to (a) is approximately the same as the $743 million?

Mr. Chevrier: Yes.

Mr. Macdonnell (Greenwood): The minister points out that there is to be 4 per cent preferred stock as against 3 per cent income bonds.

Mr. Chevrier: Yes.

Mr. Macdonnell (Greenwood): I suppose the minister's argument would be that the income rights in respect of an income bond, indeed your legal rights, are not terribly different because you only get the payment that is earned.

Mr. Chevrier: That is right.

Mr. Macdonnell (Greenwood): Therefore you have no right of enforcing your security if that were desired as long as you get whatever is earned. As I understand it, the situation is that you are proposing to take 4 per cent preferred stock which means that your rights in the way of income are higher, 4 per cent instead of 3 per cent. Is that correct?

Mr. Chevrier: That is correct.

Mr. Macdonnell (Greenwood): On approximately the same amount of money you are to get 4 per cent instead of 3 per cent. What you lose, for whatever it means, is that you do not have anything in the way of a mortgage on the property. You are a proprietor instead of a creditor.

Mr. Chevrier: That is right.

Mr. Macdonnell (Greenwood): It seems to me with regard to (a) that if anyone has to make up his mind the thing to do is balance those two kinds of things. I can imagine if this were a private company that was going to finance in the open market it would be much better not to have bonds because it would give you a better credit position. It is not clear to me offhand that it makes much difference in the case of a company that is financed by the government, but I pass that by. The minister has given us full information. With respect to paragraph (b) the minister has explained that instead of following the recommendation contained on page 196 of the Turgeon commission report whereby the railway was to be reimbursed annually for operating losses on the Newfoundland railway and also for annual capital expenditures, it is now proposed—and I find this difficult to understand—to give in lieu a capital amount under (b) or rather to give relief by releasing the company from certain other claims by Her Majesty instead of the benefit recommended to be given in the Turgeon report. Is that correct?

Mr. Chevrier: There is always a disadvantage in answering yes or no to questions of this character. Mind you, what I am attempting to do is explain the resolution in greater detail as I go along and at the same time give some of the differences between the formula established here and that recommended by the royal commission. I do not think it is fair that an opinion should be expressed before one hears the whole story. I was attempting to show what the resolution meant.

Mr. Macdonnell (Greenwood): I will wait until the minister is through.

Mr. Chevrier: Perhaps I might be allowed to go on.

I do want to make it clear that neither the resolution nor the bill relates this additional relief in (b) to the Newfoundland railway. It is additional relief to the amount mentioned in (a).

Then under clause (c) the Minister of Finance—

—shall, out of the consolidated revenue fund, from time to time purchase additional preferred stock of the Canadian National Railway Company to provide a portion of the money required for additions and betterments of the Canadian National Railways system;

I think the formula of the royal commission is set out in 4 and 5 of their recommendations, namely:

4. That after payment in the first place of the interest charges on debts due to the public, the Canadian National Railways be allowed to accumulate out of earnings in each year a reserve or "something to come and go on," such reserve to be not more than the lesser of: (a) one-third of the income after providing for all charges and deductions from income except interest on the company's obligations, or (b) the balance of the income after payment of interest on debts due the public.

The royal commission put the matter of additions and betterments on net income, net earnings; and the recommendation in (c) is that the Minister of Finance be allowed to purchase each year additional preferred stock, the proceeds to be used towards additions and betterments of the Canadian National Railways, amounting to a fixed percentage of the fixed gross receipts of the Canadian National Railways; and that money will be put into a fund to be used by the Canadian National Railways for the purchase of additions and betterments. In exchange for sums of money used by the Canadian National Railways to finance those additions and betterments, the Minister of Finance will accept 4 per cent preferred stock of the Canadian National Railways.

Paragraph (d) in the last part of the resolution provides that the Minister of Finance—

—shall transfer to the Canadian National Railway Company all the shares of the Canadian National Railway securities trust that are held by him in exchange for no par value shares of the Canadian National Railway Company.

I think that disposes of the question the hon. member for Greenwood raised earlier when he asked: What is going to become of the Canadian National Railways securities trust? Why do we need it? Well, it will be indicated later on, when we get to another phase of this discussion, that the Canadian National Railway securities trust will disappear and will no longer take the part in the proprietors' equity share of the Canadian National Railways that it is doing today.

Mr. Macdonnell (Greenwood): I shall find it very difficult to object to that.

Mr. Chevrier: I should perhaps qualify that statement with this remark. I still hope it will have the approval of my hon. friend, and I think it will.

Canadian National Railways

The Canadian National Railways securities trust will become a subsidiary of the Canadian National Railways itself, and all these collateral securities that are now held by the Minister of Finance will be turned over to this subsidiary of the Canadian National Railways for safekeeping or other disposition.

I have attempted as I went along to make comparison between the recommendations of the royal commission and the formula that we have here. It is impossible to give a dollar and cents comparison between the two. In other words, if I were asked how much more generous are the royal commission recommendations than is this formula that we propose now, I do not think I could answer. I think it would be a difficult question to answer because in some instances the formula now presented is, I think, more acceptable than the recommendations of the royal commission. In other words, I believe the formula which is proposed here, and which will be set out in the bill, is far simpler, far easier to understand, and I think better for the railway in the last analysis.

I have been asked something about the principles that were followed in this resolution and in this measure. Well, the principles followed in this measure and in the bill which we will see later are the same as the principles which the royal commission followed, if you can call what the royal commission followed "principles". When one reads the recommendations of the royal commission carefully one sees that what the royal commission did was to give an historic analysis of the capital structure of the Canadian National Railways; what had been done to relieve it by virtue of the 1937 act; some of the statements made by the then minister of transport before the committee on railways and shipping and how they should be applied at that time; the argument of the Canadian National Railways as to this great burden of fixed charges which are not comparable to the fixed charges of the Canadian Pacific Railway, for instance, and other class 1 railways of the United States.

The royal commission goes over all that field and then makes a number of observations. It makes recommendations that are very helpful and very good, but I do not know that they follow any principle. I am not able to say they follow a principle of finance because my experience in that field is very limited; but I do not think they do follow a rigid pattern. In any event, what we are attempting to do here is lay down the same kind of general principle that was laid down by the royal commission.

I was asked also what yardstick was being followed. Well, the yardstick is that which

was in part indicated in the statement I made earlier. There is to be no relief as to the debt in the hands of the public. There is to be relief in respect of the debt held by the government; in other words, by government loans. When we get into another stage I can give details of what the position was on the 31st December, 1951, for instance, and how the formula will apply to that financial position.

An adjustment in the funded debt held by the government is really the yardstick which was used by the royal commission and relief for future capital indebtedness, as shown, is the one which is being followed in this measure. I do not think it is possible at this stage to have the kind of discussion that will give all the details which hon. members want. I wish I could give them. I have tried now to be as specific as I can without infringing the rules of the house; and I will be in a position, of course, to give details when we are on second reading of the bill.

Mr. Macdonnell (Greenwood): I appreciate the minister's answer very much but there are one or two questions which, if they could be answered, would help. Perhaps some of them could be noted, and if they cannot be answered now they may be answered later. On page 182 of the Turgeon commission report there is a reference to what was done in 1937 and it would appear that there was a clearly defined principle at work there. It was to write down—well, really to write off what had been lost or, in other words, to accept the situation. I shall not pursue the matter further now, but perhaps the minister would make a comment on that when we get into committee, and let us see how far the present plan corresponds to what was done at that time.

My second question is under (b). Paragraph (b) merely says:

—shall release the Canadian National Railway Company from certain other claims by Her Majesty—

Does the minister feel he can give us any indication of the amount, because that would be a help in considering this in connection with the Newfoundland matter. I am not forgetting what the minister said, that we should not tie them in too tightly.

Mr. Chevrier: I can answer the question, but it is really an infringement of the rules. If the hon. member will look at the Canadian National Railways annual report, page 24—that is the report with which we dealt in the committee on railways and shipping—he will find that the total funded debt as of December 31, 1950, amounted to $615,197,035.

Mr. Macdonnell (Greenwood): That is in the hands of the public.

[Mr. Chevrier.]

Mr. Chevrier: That is in the hands of the public. The debt to the government of Canada, that is loans made by the government to the railway, amounted to $857,573,774. The total of those two will amount to $1,472,770,809, and what paragraph (a) is wiping out is half of that. With reference to paragraph (b), I cannot answer the hon. member's question unless I give the amount, and I cannot answer it in the way I have used to answer paragraph (a).

Mr. Macdonnell (Greenwood): I shall not press the matter. We will get it later. There is one question with regard to paragraph (c). I was not clear about the portion. I believe the minister did indicate just how the portion which is referred to in line 3 of paragraph (c) should be arrived at, but I did not quite understand it.

Mr. Chevrier: It is expected that the money which will be provided under (c) for additions and betterments will not be sufficient to pay for all additions and betterments, that is if we use what the Canadian National Railways have been requiring in the last few years as the criterion. What will happen is that any amount short will have to be voted by my colleague the Minister of Finance in the finance and guarantee act which he brings down each year.

Mr. Macdonnell (Greenwood): Then I misunderstood. I thought a proportion was being laid down now as a guide, but you tell me that what will happen is that whatever is needed from time to time will have to be voted as in the past.

Mr. Chevrier: No, the hon. member misunderstands me. When paragraph (c) is spelled out, it will provide for a specific portion, which will be a certain percentage of the gross revenue of the Canadian National Railways in each fiscal year. That is a fixed amount, so that will be the extent to which the Minister of Finance will purchase shares of the preferred stock of the Canadian National Railways so the railway might pay for betterments to that extent.

Mr. Macdonnell (Greenwood): The question that remains, then, is the one we discussed a moment ago, as to the relative advantages of preferred stock and income bonds. In this case we are going to become proprietors instead of creditors, in the same way and to the extent that we take this preferred stock?

Mr. Chevrier: That is right.

Mr. Macdonnell (Greenwood): Is there any situation which will exist as between the interstate commerce commission and the railway or any of the constituent companies, by which they will have to qualify their

accounting practice before the United States interstate commerce commission, and will that affect the bookkeeping of the railway?

Mr. Chevrier: The hon. member will recall that at the last session of parliament we did make an amendment to the Railway Act whereby we authorized the board of transport commissioners to bring in a uniform practice in accounting. The accounting, I take it, which the board of transport commissioners would like to bring into effect is that which is now in operation under the interstate commerce commission. There is no doubt that those parts of the Canadian National Railways that are in the United States are subject to the accounting regulations of the interstate commerce commission. Those parts that are not in the United States follow the procedure which has been followed by the present auditing firm, but it is the intention to make the practice uniform.

Mr. Thatcher: Will the minister state whether the president of the Canadian National has indicated to him that if this plan is proceeded with in the future, and under normal circumstances, the Canadian National will show a surplus on most occasions?

Mr. Chevrier: I think I can safely say that the president of the Canadian National is quite delighted with this plan, and should it be found necessary to have him give evidence before the committee I am sure he will be pleased to so state.

Mr. Thatcher: Perhaps the minister could answer this question at this stage. If this plan had been in effect during the last fiscal year, can the minister state how much the Canadian National would have saved in interest charges?

Mr. Chevrier: About $23 million.

Mr. Green: Mr. Chairman, there are one or two points upon which I am not clear. First of all, dealing with paragraph (c) which provides for additions and betterments, I understand from the minister that there is to be an amount, based on a certain percentage of the gross revenues of the company, advanced by the government each year to help pay for additions and betterments. In return for that money the government will get preferred stock bearing interest at 4 per cent. Is it intended that money will also be raised from the public as well? I ask that because recommendation No. 7 of the Turgeon commission seems to contain a statement that such should be the practice. Recommendation No. 7 reads:

> That any capital required to finance the company, in addition to funds provided from operations and payments made under the provisions of paragraph 6 above, be obtained from the sale of bonds to the public and income debentures to the government.

It would appear that instead of taking income debentures for the proportion advanced by the government, preferred stock bearing interest at 4 per cent will be taken. Is it the intention that the balance of the money required for these additions and betterments will come from the sale of bonds to the public by the railway company?

Mr. Chevrier: I cannot answer that question; that will depend upon what the position is. It may well be that there will be a surplus when this formula gets into operation, and if there is then the hon. member's question is answered. On the other hand, if there should be a deficit I presume the ordinary financing practice of the Canadian National will obtain, namely they can borrow money from the government as they have done in the past or they can borrow it through the issue of public bonds.

Mr. Green: There may still be borrowing from the public?

Mr. Chevrier: There may still be, yes.

Mr. Green: I must admit I do not understand clause (b). It provides that the company shall be released from certain other claims in exchange for an obligation on which there will be no interest paid for a period of ten years, and the minister has added, "on which no repayment of principal will be required for twenty years." He tied that up in some way with the first recommendation of the Turgeon commission which deals with losses on the Newfoundland railways.

Mr. Chevrier: I tried to guard against that very thing.

Mr. Macdonnell (Greenwood): The minister mentioned it, though.

Mr. Green: It is pretty hard to connect the two. What are these other claims for which these obligations are to be accepted? Is that an annual matter, an annual claim, or are they claims which exist at the present time?

Mr. Chevrier: If my hon. friend remembers the procedure of the 1937 act, he will recall that there was set out in a schedule so many millions of dollars of securities that were being exchanged for securities trust shares, and in another schedule an additional amount of securities. Well, the same procedure will be followed here. The amount mentioned in (a) of the resolution will be represented by schedule A which will cancel indebtedness to the government in the amount I explained to the hon. member for Greenwood. Similarly with reference to (b) of the resolution. There will be a schedule B to the

bill, which will set out in detail the amount of loans to the government which will not be wiped out, but for which the Canadian National Railways will give in exchange an obligation to pay that amount, a fixed amount, upon which there will be a moratorium for interest for ten years and a moratorium for capital for twenty years. Clause (b) is much simpler than (a), but I would have to spell it out in figures to make it clearer, and I hesitate to do that now.

Mr. Green: The other claims referred to in clause (b) are claims which are in existence at the present time.

Mr. Chevrier: That is right.

Mr. Green: This clause does not apply to future obligations?

Mr. Chevrier: No, it does not; all this applies to past obligations.

Mr. Green: Is that true also of (c)?

Mr. Chevrier: No.

Mr. Green: Clause (c) applies to future obligations?

Mr. Chevrier: Quite. Clause (c) will be preferred stock purchased by the Minister of Finance in exchange for a note or an obligation which the Canadian National Railways might want to give for the percentage of the gross revenues of that fiscal year.

Mr. Green: And the moneys are to be used for additions and betterments to be made in the future?

Mr. Chevrier: Yes, and to be deposited in an earmarked fund for that purpose.

Mr. Green: One other question. Is it the intention that this measure will put the Canadian National Railways in the position of being used as a yardstick for the setting of freight rates? At the present time I understand that the Canadian Pacific Railway is used as that yardstick. Will the result of this measure be that the Canadian National Railways will be used instead of the Canadian Pacific Railway as the yardstick for setting the rates?

Mr. Chevrier: Well, in so far as I can ascertain, the Canadian Pacific Railway will remain the yardstick by which rates will be fixed under the jurisdiction of the board of transport commissioners. This bill does not change that position. It would be for the board of transport commissioners to determine whether or not they want to use another yardstick. Whether they will or not, I am not in a position to say, but it is their responsibility.

[Mr. Chevrier.]

Mr. Macdonnell (Greenwood): I have been thinking over (b) since the minister and I discussed it a moment ago, and there is one observation I am going to make which is not a question. I make it in passing. I find it an odd way to arrive at the amount. I am going back to (a) for a second. I find it an odd way to arrive at the amount in (a), which I understand is arrived at by taking the public indebtedness and the indebtedness to the government and dividing it by two. However, I am merely mentioning that in passing. There may be some reason that will become clear later.

Remembering that under (b) the minister cautioned us against getting too deep into Newfoundland, he at least directed our attention to it by mentioning it. I do want to ask this. I presume that every effort has been made in making these recommendations to get as clear a view as can be of the future operating position of the railway. I assume that the Newfoundland situation has been taken in, and that full regard has been had of the possible operating losses there. I do not know whether a change of gauge arises there or anything of that kind. My question is: Are we to take it that the government considers they have made up in some way to the Canadian National Railways for the decision not to pay any regard to recommendation No. 1? I will repeat it. I want to know whether the government, in ignoring recommendation No. 1, has taken into account the Newfoundland situation and if it is, so to speak, fully incorporated in the government's thinking with regard to this recommendation?

Mr. Chevrier: I would say the answer to that is yes.

Mr. Green: The minister will notice that on page 198 of the report there is a recommendation that a policy be followed with respect to new lines which are not going to be profitable similar to that recommended for the Newfoundland railway. Has this recommendation been taken into consideration also?

Mr. Chevrier: Not in so far as this formula is concerned.

Mr. Green: What about the provision in the report for the setting up of a reserve by the railway? Is that left to the management of the railway, or is any provision made in this bill which will enable—

Mr. Chevrier: It is covered in (c) of the resolution. That is the object of the (c) part of this resolution.

Mr. Green: The object is to enable them to set up that reserve?

Mr. Chevrier: Something to come and go on, yes, for additions and betterments.

Resolution reported, read the second time and concurred in.

Mr. Chevrier thereupon moved for leave to introduce Bill No. 308, to revise the capital structure of the Canadian National Railway Company and to provide for certain other financial matters.

Motion agreed to and bill read the first time.

UNEMPLOYMENT INSURANCE ACT

AMENDMENT TO INCREASE RATES OF BENEFIT, TO REDUCE THE NUMBER OF WAITING DAYS BEFORE RECEIPT OF BENEFIT, ETC.

Hon. Milton F. Gregg (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Unemployment Insurance Act, 1940, to increase certain rates of benefit under the act; to reduce the number of waiting days before the receipt of benefit; to extend the period of entitlement for supplementary benefits; and to make provision for certain administrative changes.

Mrs. Fairclough: Will the minister make a statement?

Mr. Gregg: With your permission, Mr. Speaker, I will make a brief statement at this time.

This resolution will form the basis for a bill which will provide for a number of amendments to the Unemployment Insurance Act. Of these amendments five are of a good deal of importance and the remainder are designed to improve the routine administration of the act.

One of these five main amendments is related to the administration of the national employment service. This amendment provides that there shall be no discrimination because of racial origin, colour, religious belief or political affiliation in referring workers seeking employment. This will now establish the principle of fair employment practices in the statute.

The first of the four important amendments related to insurance will provide an increase in benefits for certain classes. The present maximum benefit for a person with a dependent is $21 a week, and the amendment will provide for raising this to $24 a week, with comparable increases in other benefit rates.

The second insurance amendment provides for a reduction in the period known as waiting days. As the act now stands the waiting period consists of eight days; that is, not counting that one non-compensable day. This period will be reduced by the amending bill to five waiting days; that is a reduction from eight to five.

Also there is an amendment that will permit the commission to make regulations to provide that, where a benefit year terminates while the insured is unemployed and he qualifies for a further period of benefit, the waiting period in the new year may be deferred.

The new legislation will also extend by fifteen days the period of supplementary benefit so that it may be paid from January 1 to April 15 in each year. At present supplementary benefit is payable from January 1 to March 31 in each year.

The foregoing amendments affecting the insurance fund have all met with the endorsation of the unemployment insurance advisory committee which is charged with the responsibility of reviewing the status of the fund from time to time and making recommendations in regard to it. These amendments will not cause any increase of payments into the fund on the part of employee, employer or government.

The remaining amendments are introduced with a view to clarifying the existing law, facilitating operation of the unemployment insurance program, and protecting the fund. They are more or less routine in nature and, with minor exceptions, have no particular significance from the viewpoint of the general public.

I shall be glad to make a further statement later, on this resolution or on the bill, Mr. Speaker.

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, it goes without saying that I am greatly pleased with the amendment which is being made to the employment service section of the act with regard to anti-discrimination. I compliment the minister, and I hope it will be highly successful. While it cannot be described as operative in all fields, nevertheless it signifies the intention of the government to recognize this problem, and I am greatly pleased that it has been put in this section of the act.

With regard to the increase in rates of benefit, which the minister has told us will be raised at the top level from $21 to $24, it is interesting to note the condition of the unemployment insurance fund as of April 30 of this year in comparison with its condition a year ago. As of April 30 of this year I am informed that the fund stood at $782,231,826.91 compared with $672,760,902.75 on April 30, 1951, an increase of $109,470,924.

As to this increase, Mr. Speaker, of course one is reminded of the increased contribution

that was put into effect a year and a half ago—in July of 1950, I believe it was—whereby both employer and employee contributed an additional 1 cent per day to cover the cost of paying supplementary benefits under part II of the act. I believe the government did not match that contribution; that was purely from the standpoint of the employer and employee. I would ask the minister whether that is correct.

Mr. Gregg: Yes.

Mrs. Fairclough: Looking back over the years during which this fund has been accumulating, it is interesting to notice that up until the end of March, 1951—the end of the ten-year period—the fund had accumulated until it reached approximately $664,500,000. This is an average of $66,458,037 per year, with a low of approximately $44 million and a high of $82 million. Yet in the twelve months ending April 30 of this year the fund has increased by $109,470,000, or an increase of about 25 per cent over the very highest figure by which the fund had increased during the preceding ten years.

When one takes into consideration the fact that the two cents per day addition to the fund must have been responsible for a part of the increase, it would appear that even the increased unemployment and the demands which were made upon the fund this year have not been any particular drain on the reserves. When one also takes into consideration the fact that everything it is necessary to buy today has increased in price, I am sure the increase in benefits which the minister has announced is on the low side. If I am not mistaken, some of the labour organizations were advocating an increase of about 50 per cent. While the government may have thought that figure high, nevertheless I feel that the slight increase which has been made of $3 on the $21 basis, or about one-seventh, can scarcely be dubbed handsome. I am sure the fund will not suffer by reason of this slight increase.

With regard to the increase in rates, I am a little bit disappointed that the minister did not announce some scheme for taking care of at least a portion of that group which have come to be known as unemployed employables, and of which I spoke at some length a year ago, at the time of the introduction of the labour estimates. As reported at page 2688 of *Hansard* of May 4, 1951, in describing these people I said:

> There are many in this class of unemployed employables who never have been insured. Then there are those who are insured and who, when unemployment hits them, find that they have insufficient contributions to benefit. Regardless of the fact that they may have been paying into this fund for years, they will find that within the limits of the act, in the period to which they must have reference, they just happen to have an insufficient number of stamps in their book to enable them to apply for unemployment insurance benefits. There are those who fall upon particularly evil days and who receive unemployment insurance benefits but are forced to accept them for a length of time which eventually exhausts the benefits which are due to them.

I realize that the fund can scarcely be expected to take care of those who have never been covered by unemployment insurance, but I do feel that those who have been engaged in insurable employment should have some provision made for them under this act. I trust that the minister is not going to let this matter drop but will inquire into that particular phase before long so that some provision may be made in the Unemployment Insurance Act to care for those who are engaged in insurable employment.

I feel that the increase in the benefits, even in this small way, is bound to be of advantage to the individual and to the municipality about which I shall speak later. The municipality must eventually carry the load caused by any shortcomings in benefits paid under unemployment insurance schemes.

No doubt the reduction in the number of waiting days has been brought about because of the representations made by labour organizations and by various members in this house. The statutory eight days, with one non-compensable day, making nine in all, has worked some hardship on those applying for benefit, but I would draw to the attention of the minister the fact that in many cases even this period is stretched out to as long as three weeks. Whether the fault lies with the department or with the applicant is always a matter of conjecture, but the fact remains that any lengthening of the period causes considerable distress to the applicant and his family. There again the municipality has to step into the picture to ease the load on the applicant until such time as funds become available in the ordinary course of events.

I urge upon the minister that in the studies which are being made special emphasis be placed upon streamlining the operations in the district offices so there can be a more efficient handling of applications and an earlier payment of benefits to applicants. That will need to be looked into particularly now that the time is to be shortened to five days. I presume there would still be one non-compensable day, making it a working week which the applicant must wait before he receives benefits. Any delay in the office places extra strain upon the economic resources of the worker who is unemployed.

I was interested to find that the period of entitlement for supplementary benefits has

been increased by fifteen days. In studying these amendments I could not fail to be impressed with what has happened this year, when we have had the greatest amount of unemployment for a considerable length of time. The pattern of unemployment in Canada is that the peak occurs in the second week in February, but this year the peak of unemployment was two months later.

Using the only source available, registrations for work, it is interesting to note that for the week of February 8, 1951, which was the second week in February, the registrations totalled 303,700. This was 5·83 per cent of our labour force, which was bordering on what we consider to be an unhealthy situation. Two months later this year, on April 3, 1952, the number of unemployed was 385,100 or 7·39 per cent of our labour force. No doubt the fact that the unemployment peak had shifted to a later period when we might expect that construction work and farm demands would have some effect influenced the minister in extending the period of entitlement for a few more days. Whether or not the fifteen days which he has allowed will be sufficient to take up the slack remains to be seen.

In addition to the registrations for employment obtained from the district offices there are those who do not apply at the employment offices and those who are on short time. This latter class has assumed large proportions this year. I do not think any figures are available to indicate just what is the size of this group, but I know that in my own town there are many people on short time, especially in the textile mills and the home appliance factories. It was very difficult to ascertain the extent of this part-time work because of the manner in which various firms computed their periods of employment. Some of them are on an hours per month basis and some are on the basis of a day's work and so on; therefore it was most difficult to arrive at a figure which one could quote. Nevertheless the general picture was not too good, particularly in the industries I have mentioned.

Those who are on part-time do not participate in unemployment insurance benefits to the extent of those who are unemployed. While there is some relief this semi-unemployment has contributed greatly to the load carried by the municipalities. You cannot have a serious impairment of the earning capacity of any group without at the same time having a threat to the economy of the country. I feel that in discussing the unemployment situation cognizance should be taken of this group which I believe is fairly large in all industrial centres. I refer to those on short-time, working either fewer days per week or fewer hours per day.

The minister has indicated certain administrative changes which will be made. I should like to draw to his attention once more the case of the married woman who comes under the regulations provided by section 5 (a) (1). Ninety days are required to re-establish benefit rights. This has been the subject of considerable discussion by labour organizations. Some have advocated that the ninety days be wiped out completely, others have asked that it be reduced to sixty days. I must say that I can recognize the difficulties which would be attendant upon removing this period entirely because in many cases it is very difficult to assess the intention of the individual. Nevertheless I feel that the reduction could be made to sixty days. That would be sufficient time to determine the intention of the applicant to remain in employment. It would safeguard the department in that respect and still reduce the number of days to the point where there probably would not be undue hardship upon those who would be affected.

I believe the day is fast approaching when all these discriminations, shall we call them, against women in employment will be removed and we will have one set of rules which will apply to everyone. Apparently that time is not yet here and we have to move forward step by step as the occasion provides. I urge the minister to reconsider the representations made to him from different sources and to reduce the ninety days to at least sixty as a start and see how it works out. After it has been in operation for a while surely it will be apparent whether or not advantage is being taken of the leniency.

I said a while ago that I had hoped these amendments would provide some assistance in the field of unemployed employables. While I did read a part of what I said a year ago in this regard, I should like to emphasize once more that this is a problem which affects the municipalities acutely. Every year when we get into what is recognized as the unemployment period in the middle of winter, when the boats cease to operate, construction comes to a standstill and other such things happen that throw men out of work, welfare offices within the municipalities feel the shock. If as in this year and in 1950—I believe that was the last year which was serious, although not as serious as 1952—the appropriations made by municipalities to look after these people are overrun and additional appropriations are required, then the municipalities begin to worry very much about what the final outcome may be. While they can usually see the end in sight for the current season, nevertheless the knowledge is there that there may

well come a time when the load will be so great that they will be unable to bear it. I believe it should not be left until in sudden panic a municipality is forced to make a plea to the provincial and federal authorities for aid before this matter is ironed out. I think it is a problem which is with us year after year, and it should be recognized by the federal authorities.

While I realize there is some case for saying that there should be provincial participation, nevertheless it should not be too difficult to achieve some sort of co-operation with the municipal and provincial authorities as a result of which the heavy load which hangs over their heads each year could be lightened to some extent. Certainly the fear of ultimate disaster could be removed by means of the co-operation which they may be led to expect.

There is one other major amendment to the act which I had hoped the minister would introduce this year. Last year when we were talking about unemployment insurance on the estimates I made the suggestion that the commission should be enlarged by the addition of a woman member. I had hoped the minister might give that suggestion serious consideration and do something about it. I realize that because of the nature of the composition of the commission it is difficult to achieve this end without appointing an extra commissioner, but I believe there is a very real need for a woman member on the commission. I ask the minister to give the matter serious consideration and see whether the act cannot be amended to provide for four commissioners instead of the present three, and to provide for the manner by which that additional appointment shall be made and by whom.

There are many problems that present themselves to a commission with jurisdiction over the working people of the nation in which the voice of a woman with long experience in employment would be of inestimable value. At this stage of the resolution I urge the minister to give serious consideration to this matter with a view to taking steps shortly to increase the membership of the commission by the appointment of a woman thereto.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my first word in speaking to this motion will be to congratulate the minister on the announcement he made that the bill to be based on the resolution will include a fair employment practices provision. This is in keeping with legislation that many of us have been seeking for a long time. It is in keeping with the desire of the labour movement of the country, and I am sure the provision he has announced will receive the hearty endorsation of all members of the House of Commons.

Likewise we welcome the increase, slight though it is, in the amount of the benefits payable under the Unemployment Insurance Act.

Having handed out one bouquet, I also commend the minister for the fact that despite the procedural debate we had earlier today he has told us one of the amounts to be provided in the bill with respect to the new benefits to be paid. Sometimes we have arguments with ministers as to whether or not they should give us such information at the resolution stage. Ten years ago there was no question about it. We always got that information. I feel it is rather unfair to parliament that there should be such occasions when we plead with a minister to give us that information and he refuses it to us. Then we listen to the news at night and hear it over the radio because in the meantime the bill has been introduced and given first reading although we have not yet seen it. At any rate the Minister of Labour (Mr. Gregg) did not hesitate to tell us that the increase is to the amount of $24 a week in the top bracket, and that there will be corresponding increases for other categories.

As the hon. member for Hamilton West (Mrs. Fairclough) has already pointed out, welcome though any increase in this benefit is, this amount falls considerably short of what the labour congresses had hoped would be the increase. I have before me the briefs presented this year by the Trades and Labour Congress of Canada and the Canadian Congress of Labour. I note that the Canadian Congress of Labour expressed the hope that the increase would be commensurate with the increase in the cost of living since the last scale was established. An increase of $3 certainly does not cover that. I note that the Trades and Labour Congress of Canada expressed the hope that the increase would be not less than 50 per cent. On that basis we should have had the married benefit increased to something over $30.

When anyone from this side of the house greets an increase with the comment that it should have been more, there are those on the government side who say that we never take any other stand, and they suggest it is not an altogether responsible one. May I point out in this connection that the Canadian Congress of Labour has done some research into this whole matter. Indeed, a very interesting article entitled "The Congress and unemployment insurance funding" appeared in the May issue of *The Canadian Unionist* which is the official journal of the Canadian Congress of Labour. In this article the

author, Mr. Andras, stated the position of the congress rather succinctly by quoting in his opening paragraph from a statement made by Professor John S. Morgan which appeared in *Canadian Welfare* for September, 1949. The quotation reads as follows:

> A plan which operates on a comparatively short term financial basis of ten years, with reserves sufficient to cover two years of benefit payments, is socially a sounder instrument of policy than a fund which piles up reserves against every possible contingency at the expense of current benefits and coverage.

The article to which I am referring goes on to point out that the issue that has to be faced in a matter like this is whether to pile up sufficient reserves to cover any emergency across several decades or whether to have regard to the rights and benefits to be obtained by the people who are currently paying into the fund. In other words, the problem is to deal with an insurance fund on as much of a pay-as-you-go basis as possible.

The Canadian Congress of Labour points out, as has the hon. member for Hamilton West, that the fund has grown tremendously; and perchance it is overfunded. Indeed, it is understood that the present fund was set up on the basis of 1921 to 1931 experience in Canada, experience which has become outdated. As a result of the fund having been set up on that basis and as a result of there now being such a large amount in it, the Canadian Congress of Labour expresses this viewpoint:

> In the opinion of the Canadian Congress of Labour, the present fund is more than solvent. It has reached, or is reaching the position where additional reserves are merely frozen assets. Under the circumstances, the congress believes that the insured population is entitled to a "dividend" since it has been overinsured. Probably the most welcome kind of dividend would be an increase in the benefit rate.

So I submit, Mr. Speaker, the Canadian Congress of Labour, the Trades and Labour Congress of Canada and those of us in this house who have been expressing the same view are being quite responsible when we suggest that the basis upon which the fund has been established would now make possible larger increases in the benefits than have been announced by the minister. One dares to hope further consideration might be given to this point as we proceed with the legislation.

Likewise we welcome the reduction in the number of waiting days. In the minister's language the period has been reduced from eight days to five days. In our language it has been reduced from nine days to six days, there being one non-compensable day. The labour congresses have urged that the waiting period be reduced progressively and eventually eliminated altogether. They have also urged changes in respect of non-compensable days. Further consideration should be given to these points. A matter of a few days may not seem important to some people, but the average worker's income is such that he is living very close to the line. When he becomes unemployed he is up against it. In the circumstances we feel there is a strong case for eliminating the waiting period altogether. Now that we are moving in that direction we hope further consideration will be given to that point at later stages of this very resolution and the bill to be based on it.

Likewise we welcome the fact that there has been a slight extension of the period during which supplementary benefits can be paid.

Now, Mr. Speaker, there are two or three other matters that have not been covered so far as the minister's announcement would indicate. One of them was mentioned by the hon. member for Hamilton West when she raised the problem of the employable unemployed. It can be argued, of course, that theirs is a different position in some respects at any rate from those who are covered by the fund; but the problem is a related problem and we feel that federal responsibility for that problem should be recognized. Indeed, I remind the minister that the labour congresses have pressed for wider coverage by taking more categories of workers under the provisions of the Unemployment Insurance Act. We hope further consideration will be given those two related matters; on the one hand, federal provision for employable unemployed and, on the other hand, including under the provisions of the Unemployment Insurance Act a larger sector of the workers of this country.

With respect to the administrative changes which have been suggested by the resolution, we too hope something will be done with regard to the discrimination against married women. As the minister knows, this change came about as the result of a change in the act that was made in the early part of 1950, although the actual regulation did not come into effect until later that year. We have had discussions both public and private with regard to this matter, and some of us still feel that as the regulation now stands a special requirement is made of married women that is not made of any other category of claimant under the Unemployment Insurance Act. We feel this matter of discrimination should not be carried forward. Indeed, at this time, when the minister is introducing a fair employment practices provision, he should carry out the spirit and intent of that provision by eliminating this discrimination against married women.

Another matter we have raised from time to time in this corner is the problem of people who are on unemployment insurance benefits and become ill while they are drawing those benefits. As the minister no doubt knows, from having studied the debates on unemployment insurance which have taken place over the past number of years, this matter has been discussed frequently and at considerable length. Some of us had hoped on two or three occasions that the previous minister of labour had been won over to our point of view. Unfortunately no change was ever made and the situation still is that if a person qualifies for unemployment insurance benefits and is drawing those benefits but takes ill, he is struck off benefits even though there may be still no work for him.

Many a worker has had the experience of sending his wife down to collect benefits for the week he was ill and finding that was a mistake, that somehow or other he should have hobbled down there himself. We feel that something even wider than this is socially desirable, namely a health insurance program including sickness benefits; but what I am suggesting at the moment is that unemployment insurance should not be denied people who are unemployed and drawing benefits merely because they happen to take sick, particularly at a time when there is still no work for them. It is possible that the broad section of the resolution making provision for certain administrative changes may include something along that line. If not, I hope that as we proceed in our discussion of this measure we will get consideration of this point at this session. I can cut short my remarks on this phase of the matter by asking the minister to have the previous debates on this point studied. I am sure if he does study those debates closely he will realize the strength of our argument. I hope he will do something about it at this session.

There is one other matter to which I should like to draw the minister's attention with respect to administrative changes. As he knows, earlier this session I tried to have tabled a document referred to as circular letter No. 19. It turned out that if such a document does exist it is only in the form of a proposed letter, and therefore could not be tabled. Later the minister did table circular letter No. 18 which is in effect. This is a document that covers, in a general way, the functioning of the national employment advisory committee, together with the regional and local committees. I understand that consideration is being given to a change in the way in which those various committees, national, regional and local, function.

At the present time these committees function by a method which enables reports and messages to go from the local committee to the regional committee, and on up to the national committee; it also enables reports and replies to travel the other way. The proposal under consideration, as I understand it, is that the whole set-up be altered so that the local committees are denied that ready access to the regional and national committee which they have enjoyed. In some quarters it is felt that such a change would result in denying to those advisory committees the part they are now playing in the whole national employment scheme, which is part of the unemployment insurance program. Those who are against this proposed change feel that it puts too much power in the hands of the civil service side of the national employment service, and does away with the advantages to be gained by having these national, regional and local advisory committees.

As a matter of fact I was glad when the minister, in pointing out that he could not table circular letter No. 19, indicated that the reason was that it was not yet in effect. My purpose in speaking about it now is to express the hope that, in the form in which it was apparently drafted, it will not be put into effect; and that an effort will be made to retain the advantages of the national, regional and local advisory committees as they are now established and functioning.

There are several other matters, Mr. Speaker, with which we can deal when we get into committee on the resolution or on the bill. Generally speaking we are glad to have the changes that are being made, but we hope the suggestions we have offered will be given favourable consideration by the minister.

Mr. Gordon Graydon (Peel): I shall detain the house for only about a minute and a half, Mr. Speaker. In connection with this resolution I only want to say that I believe it is a high tribute to the hon. member for Hamilton West (Mrs. Fairclough), our only lady member in the house, for her persistence and skill in connection with the question of fair employment practices in Canada. She has been a mighty crusader on this point. If the opportunity arises later this session her bill, which is now on the order paper, will be before the house. I want to commend the minister for having an open mind with respect to the splendid representations which have been made by the lady member for

Hamilton West. It shows what a constructive member of parliament may be able to do in connection with these matters.

I want to add my word of praise for the splendid work which she has done in this connection. I should like also to endorse, if I may, the proposal she has made, which seems to me altogether reasonable and one which is overdue so far as government policy is concerned. Her proposal related to the appointment of a woman member to the unemployment insurance commission. The hon. member may feel that she is alone with respect to this advocacy because she is of that sex, but I believe she will find support for her proposal on all sides of the house. I would suggest to the minister that, among other things, the resolution stage of a measure is for the purpose of allowing suggestions to be made to the government. The minister will earn additional commendation from the house if he will incorporate in his legislation the proposal the hon. member for Hamilton West made so eloquently a few moments ago. If he does so, he will have strong support from parliament in general. I hope I have been within my time limit.

Mr. Johnston: The hon. member who just spoke may be within his time limit, but he carried the debate up until six o'clock. It does not leave the rest of us much time, and I do not think I could say what I desire to say within the time that remains. May I call it six o'clock, Mr. Speaker?

On motion of Mr. Johnston the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up the estimates of the following departments: resources and development, national health and welfare, labour, and fisheries.

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

HOUSE OF COMMONS

Thursday, June 5, 1952

The house met at three o'clock.

REPORTS OF COMMITTEES

Fourth report of the standing committee on banking and commerce.—Mr. Cleaver.

Fifth and sixth reports of the standing committee on miscellaneous private bills.—Mr. Winkler.

HOUSE OF COMMONS

APPROVAL OF REPORT OF CIVIL SERVICE COMMISSION RESPECTING A CERTAIN EMPLOYEE

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

That the report of the civil service commission respecting a certain employee of the House of Commons, tabled on June 4, 1952, be approved.

Motion agreed to.

QUESTIONS

ANIMAL DISEASES RESEARCH LABORATORY, HULL, QUE.

Mr. Charlton:

1. Has any decision been made by the government to close the animal diseases research laboratory at Hull, Quebec?

2. If so, where will the work now being done at the Hull laboratory be carried on?

3. Has any offer been made to or discussions held with any officials of the government by any persons or organizations relative to the purchase of this property?

4. If so, when and by whom?

Mr. Winters:

1. No. A reference to the fact that research work on foot-and-mouth disease has been transferred to an island in the St. Lawrence river, where some other highly contagious animal diseases are also under investigation, was evidently interpreted to mean that the Hull laboratory would be closed. This is not the case. Normal animal disease research work is continuing at the Hull laboratory.

2, 3 and 4. Answered by No. 1.

POSTAGE STAMPS—SELECTION OF DESIGNS

Mr. Brown (Essex West):

1. Has the postal department a committee of experts to advise in the selection of designs for postage stamps?

2. If so, who comprise this committee, what are their names and addresses and the respective dates on which each was appointed to the committee?

3. How often has the committee met within the past year?

4. Have the designs of all postage stamps issued in the past year been approved by such committee?

5. If not, who has approved the design of each postage stamp issued in the past year?

Mr. Cote (St. Jean-Iberville-Napierville):

1, 2, 3 and 4. See answer to No. 5.

5. Eight new postage stamp issues were released during the year. Of the eight issues, the following seven were approved by responsible departmental officials:

3-cent Prime Minister Robert L. Borden, commemorative issue.

4-cent Prime Minister W. L. Mackenzie King, commemorative issue.

4-cent postal centennial, commemorative issue.

5-cent postal centennial, commemorative issue.

7-cent postal centennial, commemorative issue.

15-cent postal centennial, commemorative issue.

4-cent royal visit, commemorative issue.

The eighth postage issue, the 20-cent "Forestry Products", ordinary issue, was recommended for artistic quality by a selection committee appointed in November, 1950 to review designs received as a result of an invitation issued to Canadian artists. The committee included the following:

Rt. Hon. Vincent Massey, P.C., C.H., Chairman; Professor Charles F. Comfort, R.C.A. Toronto; Professor Arthur Gladu, Montreal.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FRASER RIVER FLOOD CONTROL, ETC.—REPORT FROM BOARD

Mr. Fulton:

1. What reports have been received to date from the dominion-provincial board, Fraser river basin appointed to study the question of flood control power development and irrigation, and related problems, on the Fraser river system?

2. What progress has been made to date in this study, and what is, in general, the present position with regard to the work of this board?

BEACH INDUSTRIES LIMITED, SMITHS FALLS—GOVERNMENT CONTRACTS

Mr. Stewart (Winnipeg North):

1. Have contracts been placed by any department of government, and in what amounts, since January 1, 1950, with Beach Industries Limited, Smiths Falls, Ontario?

Inquiries of the Ministry

2. If so, is there a fair wage clause in the contracts, and what is the clause?
3. What are the prevailing wage rates in the area?
4. What are the fair wage rates set for the area by the Department of Labour?

TAX AGREEMENTS

COMPENSATION TO PROVINCES IN LIEU OF CERTAIN TAXES

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to authorize (a) the Minister of Finance, on behalf of the government of Canada, to enter into agreements with the governments of the provinces to provide inter alia, subject to terms and conditions to be agreed upon, that in consideration of the said governments agreeing not to levy income tax, corporation income tax, corporation tax or succession duties for a period of five years or any lesser period the government of Canada will pay compensation to the said governments; and (b) the Minister of Finance to pay to the government of each province one-half of the income tax collected from corporations whose main business is the distribution to or generation for distribution to the public, of electrical energy, gas or steam in respect of income of the corporations derived from the said distribution or generation in that province during the period commencing on January 1, 1952, and ending on December 31, 1956.

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

Motion agreed to.

STEEL

EFFECTS OF STRIKE IN UNITED STATES

On the orders of the day:

Mr. Gordon Graydon (Peel): Would the Minister of Defence Production care to comment upon the possible effects of the strike in the United States steel industry upon our own defence effort here in Canada?

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, the effect upon Canada will depend entirely on the duration of the strike. Our stocks are reasonably adequate for the immediate future and if the strike is settled in the next two or three weeks the effect may not be serious. There will be some effect on individual situations where steel that is on order with United States mills cannot come forward.

One of the more serious effects may be in connection with the movement of iron ore. As hon. members know, all the iron ore mines in the United States have been closed down along with the steel plants. This is the season of maximum water movement for iron ore and there may be repercussions as to delivery of quantities required by our steel plants, although it may be possible to divert certain iron ore from Canadian mines to Canadian steel plants for the time being.

All I can say is that it would be most unwise at this time to plan new projects using steel, but we are hopeful that the situation will be clarified in time to avoid any serious effect on construction now in progress.

CANADIAN BROADCASTING CORPORATION

COAST-TO-COAST HOOK-UP BY PRIVATE RADIO STATIONS—POLICY OF CORPORATION

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, yesterday the hon. member for Winnipeg North (Mr. Stewart) asked the following question:

Does the announcement of a coast-to-coast hook-up by private radio stations next Monday imply any change of policy on the part of the Canadian Broadcasting Corporation?

The answer is that there has been no change in policy. Monday is a special event on account of the queen's birthday. A few more private stations are being added to the dominion network, thereby constituting a hook-up of private stations. The dominion network is made up of thirty-one stations, one C.B.C. and thirty private stations.

SUPPLY

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

DEPARTMENT OF RESOURCES AND DEVELOPMENT

Engineering and water resources branch—

396. To provide for surveys and construction of the trans-Canada highway through national parks, $500,000.

Mr. Black (Cumberland): This is a rather large appropriation and I should like to know what surveys are being made in the Nova Scotia Highlands park and what paving work has been done or is contemplated.

Hon. Robert H. Winters (Minister of Resources and Development): This vote covers construction and surveys of the route of the trans-Canada highway through the national parks. The trans-Canada highway does not go through the Cape Breton Highlands national park and therefore none of this money will be spent there. The last time the estimates were before the committee, in reply to a question by the hon. member for Calgary East I gave a break-down of the estimated expenditures for construction of the trans-Canada highway in Banff national park.

Mr. Black (Cumberland): Is it intended to construct branches of the trans-Canada highway to serve the different national parks in Canada?

Mr. Winters: No.

Mr. Black (Cumberland): I would like to have the minister supplement some information which he gave on Monday night. There is an appropriation of $15 million to provide for contributions to provinces under the Trans-Canada Highway Act and I notice on page 2838 of *Hansard* of Monday—

The Deputy Chairman: I am unable to hear the hon. member distinctly, but I understand that the matter to which he is referring has been disposed of.

Mr. Black (Cumberland): I do not think it has because it is not a vote. I was referring to the statutory grant of $15 million. If we did not get the information we wanted the other night I think we are entitled to have it now and I think the minister is prepared to give it.

Mr. Benidickson: What item are we dealing with?

The Deputy Chairman: Item 396.

Mr. Black (Cumberland): There is a statutory vote of $15 million.

The Deputy Chairman: I am sorry to interrupt the hon. member but he is referring to a statutory vote and we are now considering item 396.

Mr. Black (Cumberland): The statutory vote of $15 million is not a regular vote; it goes through whether this committee votes this item or not. I am asking the minister to tell us how much of that appropriation is being allocated to the province of Nova Scotia. I do not think the minister will have any objection to telling us that.

Mr. Benidickson: That was carried on the previous day, Mr. Chairman.

Mr. Casselman: Do you want to make any headway or don't you?

Mr. Johnston: We cannot hear what is being said, and I do not know whether we are on item 395 or 396.

The Deputy Chairman: Item 395 was carried on the previous day. Item 396 has just been carried.

Some hon. Members: No.

Mr. McLure: I asked a question with reference to item 396 the other night. The minister was not prepared to answer fully at that time. He has partly answered it today and his answer is different from the one he gave me then. Item 396 is to provide for surveys and construction of the trans-Canada highway through national parks. I asked a question about the survey from North Rustico harbour across to Robinsons island and then down to Dalvay, all in the national park.

Mr. Winters: That is not on the trans-Canada highway. I would be glad to discuss it on another occasion or privately with the hon. member but it cannot be discussed under this vote, the purpose of which is to provide for surveys and construction of the trans-Canada highway through national parks. The road to which my hon. friend refers is not a part of the trans-Canada highway.

Mr. McLure: The road to Dalvay is a part of the national park.

Mr. Winters: It is not a part of the trans-Canada highway. That is the point.

Mr. Graydon: On a point of order, Mr. Chairman, I have been listening to what the hon. member for Cumberland said, and it seems to me that when we have an amount of $15 million under a statutory item surely a member has a right to ask what part of that has been provided for the province from which he comes. Surely we cannot just put statutory items in the estimates and then say to hon. members that they cannot discuss them.

Mr. Winters: It was discussed.

Mr. Graydon: It is not a part of item 395 because, as you will see at once, item 395 calls for a vote of $424,785. The next item, which is statutory, and concerning which the hon. member was making an inquiry, is an amount of $15 million. I think that point ought to be cleared up because in my opinion certainly an amount of $15 million should at least be subject to inquiry. I cannot see how the hon. member for Cumberland is out of order in any way. I think you ought to allow him, Mr. Chairman, to make a complete inquiry.

Mr. Winters: I do not want hon. members to get the impression that we have not had a discussion of that particular item. We did have the last time the estimates were before the house.

Mr. Graydon: But not on the statutory item.

Mr. Winters: Yes, on the statutory item. Now we are dealing with item 396. However, if the chairman and hon. members of the committee wish me to refer particularly to the question asked I will be glad to do so, but we are not on the item and it is not covered under the item we are on now.

The Deputy Chairman: Order. In view of the fact that the minister has explained that a previous discussion took place on an item which has already been passed, I do not think I can allow a discussion at this time under item 396 of this particular subject unless it is by the unanimous consent of the house.

Mr. Harkness: On that particular point, I may say that I asked certain questions under item 395 with respect to this amount of $15 million. When item 395 was called I asked questions about the $15 million, but actually the statutory item of $15 million has never been called. Before some hon. members had an opportunity to ask questions that they wanted to about the $15 million item 395 was passed and then item 396 was immediately called. In other words, the item of $15 million was never called. The only questioning with respect to it, and it was comparatively short, was on item 395.

Mr. Fair: I had intended to ask the minister a question also with regard to the $15 million. We in a certain part of the prairie provinces have been deprived of the benefit of the trans-Canada highway. It has been suggested now that for defence purposes some grant might be made by the dominion government so that the Yellowhead pass route could also be improved to some extent. We are not asking at this time that it be made a paved highway but we would like to have some money spent on it for defence and other purposes so that we might receive some benefit from federal assistance. Other parties concerned in that part of the country are willing to do a certain amount of work but they do not feel they should be expected to do it alone. I should like to have the minister tell us whether he has had that matter under consideration and if so what his decision is.

Mr. Winters: Mr. Chairman, I think we should first decide which item we are discussing now.

Mr. Fournier (Hull): Item 396.

Mr. Winters: If we are discussing item 396, then I say again that this provides for surveys and construction of the trans-Canada highway through national parks. If my hon. friend is referring to that portion of the proposed Yellowhead route through national parks, then I can answer by saying that there has been no agreement with the provincial government of Alberta to co-operate with respect to the building of that highway.

Mr. Fair: Would the minister give consideration to requests that have been made by different organizations, particularly the one interested in the Yellowhead pass route? Would he give consideration to the request by that body for some financial assistance so that additional work may be done on the Yellowhead route?

Mr. Winters: That matter has already been given consideration but the trans-Canada highway route has been chosen by the provincial governments. There is only one trans-Canada highway being built at the present time, and it goes through Calgary in the province of Alberta. At the present moment we are not contributing toward any other trans-Canada highway.

Mr. Fair: I wonder whether the people who made the decision have realized yet that they have made a grave mistake. I wonder if they recognize that they have made a mistake.

An hon. Member: What about your government out there?

Mr. Fair: I think they should rectify the mistake and build the highway along the northern route.

Mr. Ferguson: I should like to make sure that the minister does everything in his power so far as his department is concerned to get ahead with the job and build the trans-Canada highway without the delay that has characterized both Liberal and Conservative administrations in the past.

Mr. Gauthier (Portneuf): You are not referring to Quebec, are you?

Mr. Ferguson: The building of the highway is of vital importance to a growing country and all the municipalities within reach of the highway. The highway will help in the absorbing of much needed immigration in this country and be of benefit to all Canada. I certainly urge that the minister should not be picayune about the matter and pay starvation wages. Let him get on with the job and get the trans-Canada highway finished instead of puttering around, as Liberal and Conservative governments have done in the past. In thirty years only four or five miles of road were built.

Mr. Johnston: There has been a general discussion in the last few minutes with respect to this item. The minister will recall that the other day I had some questions on the order paper regarding the construction of the trans-Canada highway which he answered. It was very revealing to find that in the province of Ontario there has not been a solitary mile completed according to the federal government's standards of road construction. That is not a very good sign of progress. I realize that my question only referred to the province of Ontario but I expect a great many other provinces are in exactly the same position.

Mr. Noseworthy: The Ontario Conservatives are not progressive.

Mr. Johnston: It does seem to me there should be a more concerted effort to extend new construction on the trans-Canada highway so that there will at least be some hope that within the seven-year period that is the life of the contract the trans-Canada highway will be completed. If I were a gambling man, which I am not—

The Deputy Chairman: Order. I have already indicated that item 396 only deals with surveys and construction of the trans-Canada highway through national parks. I would ask the hon. member to limit his discussion to that.

Mr. Benidickson: I think I owe an apology to the house in that when the hon. member for Cumberland rose I felt he was addressing the house on item 396 and I objected thinking that item 395 (S) had already carried.

Mr. Black (Cumberland): It did not carry because it is a statutory vote.

Mr. Benidickson: It certainly was not carried at the last meeting of the committee. I just wanted to apologize to the hon. member and say that there was a substantial item on which I felt that he probably now is entitled to speak. I regret I challenged the item of only $425,000 which was carried.

Mr. Johnston: I have not finished with what I was speaking about a moment ago.

Some hon. Members: You are out of order.

The Deputy Chairman: The hon. member for Bow River.

Mr. Johnston: I was discussing the trans-Canada highway and I just got up to national parks.

Mr. Dickey: It took you some time.

Mr. Johnston: There is one point about the survey and construction of the trans-Canada highway in Banff national park. Last year, if I recall correctly, when this estimate was up there was a considerable amount of money spent on survey and construction in national parks. On that occasion the minister did indicate that the amount of money which was to have been spent last year would complete the survey in Banff national park. I think he even went so far as to express the hope that by this year it would be fairly well under way.

I would like to ask the minister just how much of that road in Banff national park has been completed and how much has even been started. I refer there to new construction of a road which when constructed will meet the requirements of the federal government.

I have travelled through that area on many occasions. Last summer I was through twice and, apart from a little survey work and some construction work, not a great deal of progress has been made. I am not saying there was not some work done, but as far as actual mileage of construction is concerned very little is being done. When I say that, there is very little actual construction being done at all in the province of Alberta, and if the western provinces ever hope to have a trans-Canada highway things will have to develop more rapidly.

When that highway is completed through Banff national park and the other national parks, is it the intention of the government to permit highway transport to travel through those national parks just as it will be entitled to travel on other parts of the trans-Canada highway?

The Deputy Chairman: Shall the item carry?

Mr. Johnston: No.

Mr. Winters: I think the best answer I can give the hon. member is that which may be found in *Hansard* on page 2839. It is the same answer I gave on June 2 to the hon. member for Calgary East about construction in Banff national park. In respect to the last question I think I informed the hon. member, when these estimates were in the house either last year or the year before, that it was the intention to let commercial traffic flow over the trans-Canada highway through national parks.

The Deputy Chairman: Shall the item carry?

Mr. Black (Cumberland): I have to speak here until we get the other matter adjusted. I noticed in *Hansard*, when the minister's estimates were up, item 395 for $424,785 was discussed and then we proceeded to item 396, $500,000, which is the item we have been discussing now. We apparently jumped over the appropriation, which is a statutory appropriation of $15 million.

I have been asking for certain information respecting the distribution of that appropriation. I feel the house is entitled and I am entitled to it. I have special reference to Nova Scotia. I also feel that the minister is the one to give me that information. The only way I can get it is when his estimates are before the house.

There is a statutory appropriation of $15 million and I want to know how that is distributed. The minister gave certain information on the last occasion when these estimates were up, but no reference was made to the province of Nova Scotia. When I add it up, $14,701,000 has been distributed but the province of Nova Scotia is not mentioned.

I want to know how much of this large sum is made available for the construction of the trans-Canada highway in Nova Scotia. As a member of this house I am entitled to that and I would like to have it.

The Deputy Chairman: Order. The hon. member has referred to item 395 as being passed, and he has also referred to item 395 (S) as not having been called. I would draw the attention of the hon. member to the fact that item 395 (S) is a statutory item which is not called and any discussion on that item should have taken place in general discussion on the first section of these estimates. Therefore, I must rule that we must limit ourselves under item 396 to the subject:

To provide for surveys and construction of the trans-Canada highway through national parks.

If the hon. member has the unanimous consent of the committee to ask this question or should his question involve moneys under this vote which would be used for the trans-Canada highways through national parks, then the question would be in order. Otherwise I do not think the question should be asked at this time.

Mr. Black (Cumberland): I gather from what the chairman says that he refuses to give permission on his own unless I get the unanimous consent of the committee.

Some hon. Members: Agreed.

Mr. Winters: Mr. Chairman, if the hon. member had been here on Friday, and I regret that he was unable to be here, he would have been able to participate in the very good discussion we had at that time. The answers to the questions he asked, except for Nova Scotia, are to be found in replies to the questions by the hon. member for Calgary East at page 2838, and in reply to questions by the hon. member for Fraser Valley at page 2839.

The hon. member will recall that Nova Scotia entered into the agreement with respect to the trans-Canada highway only recently. They entered into the agreement after the estimates were prepared and there is no specific allocation in this $15 million for Nova Scotia. That does not mean to say their program will not be able to proceed. They have not yet submitted a program but I presume they will do so shortly. If and when they do, and I do not think we need to be too much concerned about the "if" because I am sure they will, the necessary funds will be asked of parliament by way of a supplementary vote—unless there are sufficient funds in this vote to cover federal government participation.

Mr. Black (Cumberland): Mr. Chairman, the explanation by the minister is satisfactory to me, but I would like to know what appropriation will be made. I want to point out to the minister and the committee that Nova Scotia did not enter into this agreement for the first three years. The agreement they do enter into must be completed within the regulation period of seven years, which will mean there will only be four and a half years left to run. I would presume that the province of Nova Scotia would want a very substantial appropriation this year, and if I get the assurance of the minister that any appropriation that is required will be provided in order to build the trans-Canada highway through Nova Scotia that will be satisfactory. I presume there would have to be at least $3 million earmarked for that province this year.

Mr. Winters: The funds will be available, Mr. Chairman.

Mr. Black (Cumberland): The $3 million will be available.

Mr. Murphy: No, he said funds will be available.

Mr. Black (Cumberland): I understood him to say that the $3 million would be available. However, the required funds will be available, and that means if the province hesitates to proceed with the construction no funds will be called for and none will be required. I do not want to take from the minister's reply that the province is not going to make application for a substantial appropriation in order to proceed with that work.

I should also like the minister to inform me whether a proportionate amount of the total vote of $150 million will be made available before the completion of the contract for the total requirements in Nova Scotia. It would seem that that province would require a much more substantial appropriation and construction program than if they had started two or three years ago at the beginning of the program.

Mr. Winters: I can assure the hon. member, Mr. Chairman, that funds will be available under the Trans-Canada Highway Act to pay the federal government's share of the trans-Canada highway program in Nova Scotia, on any basis on which the province wishes to proceed within the terms of the act.

Mr. Black (Cumberland): That is quite satisfactory, Mr. Chairman. Will the minister state whether there will have to be a supplementary vote. The $15 million, which is a statutory vote, being provided this year is practically all taken up by the other provinces. If an additional $3 million is required for the work in Nova Scotia, will that mean that a supplementary estimate will have to come before this house?

Mr. Winters: It may be, Mr. Chairman, and it may not. It depends on how fast the other provincial governments get on with their work and require the use of these funds. I again assure the hon. member that moneys, under the terms of the act, will not be a stumbling block in the way of Nova Scotia's progress.

Mr. Black (Cumberland): Then I understand from the minister that no definite construction program has yet been submitted by Nova Scotia?

Mr. Winters: That is right.

Item agreed to.

Northern administration and lands branch—

399. Lands division—administration of territorial and public lands; seed grain collections, $301,629.

Mr. Harkness: I see that this item deals with the administration of the territorial and public lands and seed grain collections for the Northwest Territories. What are those seed grain collections?

Mr. Winters: Seed grain collections are with respect to advances made by the federal government a considerable number of years ago to provide seed grain in three western provinces, not for the Northwest Territories.

Mr. Harkness: This is an ancient business, and you have not collected this money although the business was transacted twenty years ago.

Mr. Winters: That is right, but it is being collected. We are making some progress in making collections, but the outstanding indebtedness has not yet been written off.

Mr. Harkness: Is this money being collected from individuals or the three prairie provinces?

Mr. Winters: From individuals.

Mr. Harkness: What is the amount still outstanding?

Mr. Winters: The amount still outstanding is $4,973,625.25.

Mr. Harkness: How much was collected last year?

Mr. Winters: The total amount collected last year was $49,725.30.

Mr. Harkness: Has the minister any figures to give us to show how much of the total vote went to collect this $49,000? It would seem a very small amount to have collected on a debt of nearly $5 million. It might be that the cost of collection was greater than the amount collected.

Mr. Winters: The amount for that purpose was about $15,000, Mr. Chairman.

Mr. Wylie: In what year was that seed grain distributed to these farmers?

Mr. Winters: The distributions were made between the years 1886 and 1926.

Mr. Wylie: May I ask the amount of principal and interest on these debts?

Mr. Winters: The amount of principal owing is $1,767,618.10. The amount of interest is $3,206,307.

Mr. Wylie: Requests have been made in this house on various occasions to the Minister of Trade and Commerce to have these old seed grain liens cancelled. They are nothing but a nuisance. It is costing the government a lot of money to handle them, much more money than they are receiving from the old liens being paid. In view of the fact that the three provincial governments, Manitoba, Alberta and Saskatchewan, have cancelled all their old seed grain liens, it seems to me that it is only fair that the dominion government should cancel theirs.

I have handled many of these cases, and I know what they mean. In one case the amount of the principal was $60, while the interest amounted to about $160. A settlement was made for slightly more than the principal, after about half a dozen letters had been written back and forth. It does seem to me that a large staff is required to handle these accounts. I believe the government would be well advised to do as the three western provinces did, and that is to cancel all of these old seed grain liens.

Mr. Harkness: Is the minister going to say anything about the remarks which have just been made?

Mr. Winters: That is a problem that has come up in connection with a variety of items in this house. There are a great many people who have received benefits from this distribution who have paid off their indebtedness over the years. There are a great many other people who are anxious to pay off their indebtedness, and who are making an honest effort to do so. There are instances in which the titles to the lands have become so obscure that the original indebtedness cannot be traced. For that reason, and a variety of other reasons, there has been a write-off. I can inform the hon. member that there is a very sympathetic administration on this phase of our activity.

Mr. Bryce: Can the minister tell us how much it has cost to administer this?

Mr. Winters: A moment ago I said that last year the cost of administration was about $15,000.

Mr. Bryce: It would be good business to cancel the debt.

Mr. Winters: We collected $49,000.

Mr. Fair: I think this is one case where the government could save a little money by not going back to the last century to try to collect some of these debts. It is poor business. These amounts might be put in with the watered stock of the Canadian National Railways, and the whole thing could be written off. It is long past the time when this matter should be attended to so that we could have an honest statement of the account.

Mr. Lennard: How are these collections made? Are payments made from the collections on a percentage basis?

Mr. Winters: The people concerned apply for a discharge of the liens against the property, and then a settlement is made directly with the Department of Resources and Development.

Mr. Wylie: Before we leave this item I must say that any time I have taken this matter up with the officials in Ottawa they have always given careful consideration to the standing of the parties who want to pay off the debt. In the southern part of the province, where most of these debts are outstanding, it was a dried out area, and that seed grain was given in years when the people did not have any money to buy it; otherwise they would have bought it themselves. The fact is that the department has been exceedingly fair in connection with any cases that I have brought to their attention, and we get good settlements. But it seems to me, as I have said before, that it is time that all of this debt was written off so that we do not have to bother with it.

Mr. Murphy: The minister mentioned collecting some $49,000. I was wondering whether that was a percentage of what was owing; and if so, what was the amount owing?

Mr. Winters: I gave the total amount owing.

Mr. Murphy: What I mean is this. Was the amount you have collected a percentage of the amount owing?

Mr. Winters: No. It does not bear any percentage relationship to the amount which is still outstanding.

Mr. Murphy: I wanted the minister to clarify that point. I was wondering whether you made a settlement on this basis: Suppose the amount owing was $200,000 or a quarter of a million dollars. I wondered whether you settled for $49,000. Was that the case?

Mr. Winters: No. That is not the nature of the settlement.

[Mr. Winters.]

Mr. Lennard: What was the amount owing in connection with that $49,000 that was collected?

Mr. Winters: I do not have those figures before me now. I can get them and give them to the hon. member.

Mr. Harkness: Looking at the details at page 455, under this item, I see an expenditure for advertising of $4,100. Last year the amount was $3,000 which was appropriated. I wonder whether the minister can tell us what type of advertising that is and why it was necessary to do this advertising with regard to this northern administration and lands branch?

Mr. Winters: It has mostly to do with oil leases and other administration of minerals in the north: calling for tenders, advertising and that sort of thing.

Mr. Harkness: Can the minister tell us whether the $3,000 was required or whether more than $3,000 was required for that purpose last year?

Mr. Winters: The amount actually expended last year was $3,788.75 and the balance had to be arranged by transfer between votes.

Mr. Harkness: Can the minister tell us where those advertisements are published? Is it in the daily papers right across Canada or chiefly in the provinces of Alberta and British Columbia? I refer to the advertisements calling for tenders for these public lands.

Mr. Winters: It is usually in the area in which the sale of the land takes place. For the oil leases it is usually confined more especially to the province of Alberta; but they are advertised as widely as possible. If we sell land in the province of Ontario—I refer to crown land—it is advertised more particularly in the province of Ontario. I think it is fair to say that the advertising is greatest in the area in which the transaction takes place, but that we try to make it as generally known as possible.

Mr. Harkness: I do not quite understand the minister's reference to the sale of crown lands in Ontario. Does this not apply only to the land in the Northwest Territories? The advertising he was talking about would be advertising for oil leases and so forth in the Northwest Territories, as I understand it.

Mr. Winters: This branch also administers the Public Lands Grants Act, and the department is authorized to hold public lands under that act. Occasionally they are sold; and when they are sold they are advertised for sale by tender.

Mr. Harkness: What sort of public lands would that be in the province of Ontario?

Mr. Winters: Largely the old ordnance and admiralty lands which have been transferred to this department for administration and disposal.

Item agreed to.

Northern administration and lands branch—

407. Grant to the Arctic Institute of North America, $5,000.

Mr. Black (Cumberland): Mr. Chairman, before all these items carry in such a hurry, I think we should have from the minister a statement as to what work is being carried on and what is projected in these northern areas.

Mr. Winters: Which vote are we on, Mr. Chairman? Is it item 407?

The Deputy Chairman: We are on item 407.

Some hon. Members: Carried.

The Deputy Chairman: Is item 407 carried?

Some hon. Members: Carried.

The Deputy Chairman: Item 408.

Mr. Adamson: I want to speak on item 408.

The Deputy Chairman: The hon. member for Winnipeg North Centre on item 408.

Mr. Adamson: I want to speak on that item.

Mr. Winters: Mr. Chairman, I think that the hon. member for Cumberland asked me for an explanation as to what we are doing under vote 407, or was it 408?

Mr. Black (Cumberland): Mr. Chairman, some of these items were passed without any discussion at all. I thought it would be well for the committee to have from the minister a statement as to just what work is under way in these northern districts.

Mr. Winters: It would take me some considerable time to give a statement on the activities in the Northwest Territories and the Yukon. I notice that we have passed most of the votes under which I could appropriately do that. If the hon. member has any particular questions that can be asked under any of the votes with which we are dealing now, I will, of course, be glad to deal with them.

Item agreed to.

Forestry branch—

408. Branch administration, $132,885.

Mr. Knowles: Under this item may I remind the minister of previous discussions we have had with regard to the possibility of his research people in the forestry branch looking into the problem of tailor-made cigarettes as a forest fire hazard as well as a fire hazard generally. The minister knows that I have brought this matter to his attention on a number of occasions in the past and I believe it is fair to him to say that he has indicated that it was a matter that might be looked into by the research people in his department.

There is no doubt that tailor-made cigarettes are a greater fire hazard than are the other kind. I realize that the tobacco manufacturing people take issue with that statement; indeed they have written to me on various occasions after I have raised the matter in the house, but not very convincingly. Indeed, I think the evidence is incontrovertible. It is not necessary to take the time to give the minister again some of the information that I have given him on previous occasions. On one occasion I told him of an experiment that I had one of my friends conduct, since I do not use cigarettes myself. It was really quite clear that a tailor-made cigarette, once it has been lit and has been left lying around anywhere continues to burn until it is completely consumed whereas the roll-your-own kind tend to go out right away. It could be that the rolling has something to do with it, but most people are agreed that in tailor-made cigarettes there is also something either in the paper or in the tobacco itself that makes them burn easier.

As a matter of fact, on a Saturday night a week or two ago, when the house was not sitting, I went to a show in Ottawa, arriving there at a time when I had to stand in line. The minister had visited the first show because as I was going in I met him coming out. While standing in line there on Elgin street I just happened to notice—

Mr. Fleming: This was not David and Bathsheba, was it?

Mr. Knowles: No; I forget which show it was, but that does not matter.

Mr. Gibson: It was educational.

Mr. Knowles: No, it was recreational.

Mr. Riley: Perhaps it was inspirational.

Mr. Knowles: I noticed that a passenger in a car going along Elgin street tossed a lighted cigarette butt out the window, so that it landed in the middle of the pavement. In the next few moments four or five cars passed in either direction, and the draft created by those cars in passing moved the cigarette butt back and forth across the street, until eventually it landed in the gutter near the sidewalk where I was standing. It was still burning.

Mr. Riley: Did you pick it up?

Mr. Knowles: Hon. members may think I have some vices, but they know that smoking is not one of them. Standing there, waiting to get into the show, was just one other occasion when it was drawn to my attention that factory-made cigarettes seem to be made in such a way that they burn until completely consumed. There can be no doubt that many of the fires in our forests, in our homes and in other places, could be prevented if we had legislation respecting the making of these cigarettes, which would require that they be less inflammable than they are.

I bring this matter to the attention of the minister because it is related to the subject of forest preservation, and because on other occasions I have asked the minister whether some research into this matter might be carried out by the research officials in his department. Has such research been made? If so, what have been the results?

Mr. Winters: To the best of my knowledge no such research has been carried out. I am aware that the hon. member raises this point each year, and I would hope that the mere fact that he raises it will emphasize for the benefit of cigarette smokers and manufacturers the real hazard the cigarette can be in connection with the creation of forest fires.

There is of course a wide variety of ways in which forest fires can be started, and I would have no doubt that cigarettes play a prominent role. In the Department of Resources and Development, through various media including advertising, posters, films, and by other means available to us, we try to make the general public aware of fire hazards, and to create in the minds of smokers an awareness of the danger. But, as for doing actual research on the problem, I cannot say that I know of any development.

Mr. Knowles: I still urge the minister to have some research done in this matter. I appreciate his point, that it is well to raise the matter from time to time in the hope that both smokers and manufacturers will realize the importance of exercising due care and precaution. But that is not sufficient. There was a day when matches were more dangerous than they are now. In those days it was hoped that the users of matches would be more careful; but a time was reached when it was realized that legislation was required to make matches as safe as possible.

I suggest there is a parallel in this case, and that the time has come when not only should we urge smokers, through posters, stickers, film shorts and the like, to put out cigarettes, but when we may have to consider legislation with respect to ways in which cigarettes themselves are made. The minister knows that the fire marshals in this country have been interested in the matter and have passed resolutions in connection with it. I strongly urge the minister to have his research people give attention to this problem.

Mr. Adamson: I would bring to the attention of the minister a matter which I believe comes under this vote for the forestry branch. It has been said that the greatest menace to the human race today is not war, communism, pestilence or atomic energy, but rather soil erosion. The amount of soil erosion now taking place in Canada, despite the efforts being made to prevent it, has reached an extremely dangerous level. I have not the figures here, but I know many hundreds of thousands of acres of good land are destroyed each year by soil erosion and lost for all time.

One of the chief reasons for the erosion is the destruction of forest cover. I was horrified to learn the other day that in Ontario hardwood forests have been depleted to such an extent that Ontario hardwoods for floors and other purposes will virtually disappear in a comparatively few years, and that such things as hardwood floors and other types of hardwood construction will be almost a thing of the past at the end of another decade.

It has been estimated that to maintain settled land in balance a forest coverage to the extent of 14 per cent of the land is necessary. I understand that in the settled or farming portion of Ontario—and in this I do not include the northern forest area, but rather what has been known as old Ontario—there is considerably less than five per cent of the land under forest cover. This is approximately one third of the amount considered to be safe or to constitute a balanced equation in respect of the land used.

I do not know what can be done in this regard to restore the land to a state of balance in old Ontario—and I imagine there is a similar condition in other provinces. I would suggest however that some encouragement might be given to municipalities to restore the forest cover in those areas. The old assessment plan in Ontario in connection with bush lots is not used to any great extent; it has fallen into disuse. In consequence, tree cutting and the destruction of forests has gone on to such an extent that, despite the excellent work being done by the department of lands and forests in Ontario, the forests are being depleted in southern Canada to such an extent that soil erosion is becoming progressively more dangerous.

Has the minister any remarks to make on this subject because I believe the question

of soil erosion is bound up in the whole matter. Despite the fact that forests and natural resources are considered a provincial responsibility, we have a tremendous responsibility to see that the soil of our country is preserved.

Can the minister state what is being done with regard to the control of the budworm and other pests, and also to avoid damage by fire? Can he state what quantity of wood is being cut? Can he give an estimate of the timber destroyed by pests and by fire and the value of timber that has been used either for pulp and paper purposes or for lumber? Is he having any success in this important matter of pest control?

I mention these things even though I come from southern Ontario because I realize that our forests are a national resource with which unfortunately we have been most profligate in days gone by.

Mr. Winters: Mr. Chairman, the matters raised by the hon. member are most important. Conservation has been engaging the attention of all levels of government. From the various reports that have been received it would appear that considerable emphasis has been placed upon this matter. Conservation authorities have been set up in Ontario under provincial legislation and at the present time there are some 13 of them operating. They jointly take over land that needs conservation and reforestation under a partnership ownership arrangement. The provincial government does the administration and reforestation and after a time the land may or may not revert to the municipalities.

The federal government has attempted to encourage conservation by a variety of measures, the most recent being provision in another vote to assist reforestation under an arrangement whereby the federal government will pay 20 per cent of the total reforestation costs of any province which enters into the necessary agreement. This has had the effect of stimulating reforestation in areas which needed it.

We also contribute toward setting up nurseries. The federal government has contributed toward the cost of building dams to conserve water. Particularly in connection with the Fanshawe project we made it a condition that we would assist with the project if the Ontario government would undertake a program of conservation in the drainage basin area. They are doing that just as it is being done in the Grand river drainage basin area. I think good results are being achieved. The encouraging part is that the problem is being recognized at the private ownership, the municipal, the provincial and the federal levels, all of which are concerned about it.

The hon. member asked about the spruce budworm and other pests. This problem is now handled by the Department of Agriculture, which has a fine laboratory at Sault Ste. Marie and at other places throughout the country. A spraying program is being conducted at the present time in New Brunswick toward which the federal government has contributed scientific help and other guidance. The provincial government and the company concerned are carrying the financial burden.

My hon. friend asked about losses. The average number of fires during the ten-year period 1940-49 inclusive was 5,431, and the number of fires in 1950 was 5,310. The average number of acres burned over during the ten-year period was 2,016,865, and in 1950, 2,226,765. The average extent of fires during that ten-year period was 371 acres, and for 1950, 419 acres.

Mr. Adamson: What about budworm destruction?

Mr. Winters: During the same ten-year period the average destruction of usable wood by insects and disease was 500,000 cubic feet.

Mr. Gibson: I should like to start off what will be very brief remarks by commending the hon. member for Winnipeg North Centre upon what he said with regard to the use of cigarettes in the woods. The hon. member indicated that this problem does not affect his own riding, but he did point out how hazardous the use of cigarettes is even in the centre of cities. Logging camp owners and logging workers appreciate the importance of this problem. Logging camp commissaries will not sell tailor-made cigarettes, and men are discharged who are found using this type of cigarette.

Considerable research has been done along the lines of damage to our timber resources, but I think the greatest destroyer is fire. If there is any further research the department could carry on along these lines I know it would prove most valuable. This research need not be very elaborate, and actually it could be carried on on an amateur basis. If this were done and the logging operators were informed of the results of the research the returns would be considerable for the outlay of a small expenditure.

How many timber cruisers and forest engineers does the minister have in the forestry branch? This branch does very valuable work and I think it should be developed. So far as various forest industries in the province are concerned it would help in assessing the value of those if there could

be an average spot check or audit of the forest resources. Incidentally, I cannot think of any department of the government that will not have some use for forest engineers or timber cruisers. I had occasion not long ago to discuss with the Indian affairs department what facilities they have for cruising timber on Indian reserves in Canada. I understand that department has no facilities at all, and I am wondering whether there is any liaison between the minister's department and other departments of the government in order to provide them with information. It would seem to me there would be no sense in establishing a bunch of timber cruisers in each department that might use them but I think it would be a very valuable thing to have one department of the government adequately staffed for this very important purpose.

Mr. Winters: I am very grateful to the hon. member for Comox-Alberni for his remarks. He always adds to the debate on forestry because of his intimate knowledge and his association with the subject. In reply to his particular question about whether or not we have a close liaison with other government departments, I can say that we do. He has asked how many cruisers and forest engineers we have on strength. We do not have any forest cruisers on permanent strength. What cruising we have to do is done by parties during the summer. We do have on strength 17 forest engineers and a total technical strength, including forest engineers and research workers of various kinds, of 170.

Mr. Catherwood: I appreciated the remarks the minister made in reply to the hon. member for York West with respect to the matter of erosion and the work that his department is doing in this regard. I should like to say a brief word under this item concerning forestry branch administration because I realize how important it is to all citizens of Canada. While I recognize the fact that the matter comes principally under provincial jurisdiction, nevertheless it does apply to all Canada because of the importance of the forestry industry in our economy. When we stop to consider that the forestry production of Canada equals, if not exceeds, the total production of wheat and spring grains, and even exceeds the total mineral production of Canada, it gives us some idea of the great importance of the forestry industry to our people.

In this connection, Mr. Chairman, I hope you will allow me a little leeway for a minute or two to outline to the minister, although I know he has probably already studied the matter, and to the committee, how forestry problems are met in Sweden, which country I think is perhaps the outstanding example of forestry management of all countries in the world. In the year 1600 they established their first national forestry act, and from that time the state has continually strengthened the act until now their forestry conservation legislation is just about perfect.

I should like to refer to the paper industry of that country. Perhaps some hon. members who are connected with the paper industry will know of the Klippan mills in Sweden which have been in constant operation for over 300 years. Over that period of time they have continually used the products of their own lands without any depletion of their natural resources. A very good system of forestry schools has been established in Sweden. There are 55 of them in operation, and this industry is considered to be of such great importance that during the idle winter months when many industries are not in operation practically every family in Sweden has someone employed in the forest industry.

In that country out of a total of 60 millions of forested lands the state controls 11 million acres compared with a square mile production in Canada of 712,000 square miles of forests. In Sweden the district foresters are trained in special schools. There are 600 districts throughout the country and a working schedule is followed that is laid down by the headquarters board in Stockholm. They have built up a system of forestry in perpetuity that is considered the finest in the world. I think Canada could benefit very greatly from the forest policy in effect in Sweden. I suggest to the minister that his department should give this matter serious consideration. I suggest that he might consider sending some of his best forestry experts to Sweden to study their methods because we realize that we have reached the point in Canada today where we are beginning to deplete our supply.

In 1949 we passed the Canada Forestry Act which I think was a splendid piece of legislation in so far as the perpetuity of our forest production is concerned. Under this act the government was authorized to participate in measures for the protection of our forest areas. I think it was an excellent act and when it was before the house we all supported it. It also made provision for co-operation between the federal and provincial governments to combat fires and insect and other pest diseases. We all recognize the fact that many of our large paper and lumber companies throughout the country have done an excellent job in reforestation for the purpose of maintaining our forest lands. We read in the papers day by day of the amount of reforestation they are doing and their

plans for the future. We commend them for that but I say that the government should follow the example set by Sweden. I feel that Canada would benefit very greatly from the experience gained by that country over the years.

Item agreed to.

412. To provide for contributions to the provinces for assistance in forest inventory and reforestation in accordance with agreements that have been or may be entered into by Canada and the provinces, $1,225,000.

Mr. McLure: What amounts have been given to the different provinces for reforestation, and particularly what amount has been given to the province of Prince Edward Island?

Mr. Winters: The amount allocated to the province of Prince Edward Island for reforestation is $7,500. There are three other provinces that have entered into agreements with the federal government with respect to reforestation, the arrangement being that the federal government will contribute 20 per cent of the cost of reforestation projects. The amounts paid in the fiscal year 1951-52 are as follows: Ontario, $71,206; Saskatchewan, $1,235; and British Columbia, which is the fourth province, $75,146.

Mr. Black (Cumberland): I understand that no appropriation is made for the benefit of the other maritime provinces and the other provinces of Canada.

Mr. Winters: There would be an appropriation under the terms of the policy that has been set out whereby the federal government will contribute toward the reforestation and inventory program of any province that cares to enter into an agreement with respect to these features of forest management, but Nova Scotia has not entered into an agreement, nor has the province of Newfoundland. New Brunswick has entered into an agreement with respect to forest inventory but has not yet participated under the reforestation plan.

Mr. Gibson: Do we have to have an agreement before forest inventories can be obtained? They have to enter into an agreement with us?

Mr. Winters: Under the terms of this plan, which is formulated under the Canada Forestry Act, we do require an agreement and we have such an agreement with the province of British Columbia.

Mr. Nowlan: Would the minister explain whether it is dependent upon the terms of the different agreements or in every case are the moneys administered by the province, and what are the details?

Mr. Winters: With the exception of Prince Edward Island, where forestry conditions are entirely different and they are not concerned with forest inventories but rather with reforestation, the agreements are the same and the expenditures are administered by the provincial governments.

The Deputy Chairman: Shall the item carry?

Item agreed to.

416. Grant to Pulp and Paper Research Institute of Canada, $100,000.

Mr. Knowles: Mr. Chairman, will the minister explain what this body is? The item is for a grant of $100,000 to the pulp and paper research institute of Canada. Is it a public body or a private body? For whom do they work and who gets the benefit of this $100,000?

Mr. Winters: This, Mr. Chairman, is a three-way agreement under which the laboratories are operated by the federal government, McGill university, and the Canadian pulp and paper research institute. The results of research are made available to the public generally. The federal government's contribution to the project is $100,000. The project is going very well and I believe the taxpayers are getting full value for their money.

Mr. Knowles: Is the federal government's contribution one-third of the total or do the other participants contribute more or less?

Mr. Winters: Speaking from memory, the total cost of the operation is approximately $700,000.

The Deputy Chairman: Shall the item carry?

Item agreed to.

418. Federal contribution towards annual maintenance, including staff and expenses, $75,000.

Mr. Black (Cumberland): Here is another of those statutory items. The only opportunity members have for getting a report from the minister and the department is now. The item is:

(S) To provide for capital expenditures in conformity with section 8 (1) of the Eastern Rocky Mountains Forest Conservation Act (chap. 59 statutes of 1947), $1,050,000.

The appropriation was the same last year and I think it is an appropriation on which we should have a report. Just what was done last year and what is proposed this year under this heading?

Mr. Winters: Mr. Chairman, this is an arrangement under an act which enables the federal government and the government of Alberta jointly to protect for twenty-five years the eastern slopes of the Rocky mountains—to preserve those rivers running

hrough the prairie provinces and involving he national interest. The program jointly is hat there will be a capital expenditure over six-year period in the total amount of 6,300,000.

Mr. Black (Cumberland): How much from he federal government and how much from he province?

Mr. Winters: The federal government bears he total capital expenditure. The maintenance f the project is on a cost sharing basis etween the provincial government and the ederal government; and the cost of fighting res is also on a shared basis. This year the udget is for $1,050,000 which hon. members vill notice is one-sixth of the total capital ommitment. It is for roads, trails, buildings, urveys, radio communication system, and the urchase of equipment.

Mr. Black (Cumberland): I understood the inister's explanation was that this expendiure was made in conjunction with the proincial government, but I also understood him o say that the provincial government made o cash appropriation for this work.

Mr. Winters: I said the arrangement was joint one between the government of lberta and the federal government under vhich the initial capital cost of $6,300,000 is eing borne by the federal government.

Mr. Black (Cumberland): Well, what mount is to be appropriated by the proincial government in connection with this natter?

Mr. Winters: There is nothing to be appropriated by the provincial government for apital expenditures through this six-year eriod for which the federal government has ontracted to bear the capital costs.

Mr. Black (Cumberland): I do not quite nderstand the minister. He is making an ppropriation this year of $1,050,000 in conunction with the provincial government. I ave understood the minister to say repeatdly that the provincial government is not aking any appropriation although the work s being carried out jointly. What do they do?

Mr. Winters: I said a moment ago, Mr. Chairman, and I do not mind repeating, that he term of the agreement is for twenty-five ears. The capital expenditure period is for ix years at the present time. For the balance f the twenty-five years the provincial govrnment will be responsible for all maintenance costs. They are also responsible for heir portion of the fire fighting costs, but hey are not responsible for any capital xpenditure costs during this six-year period.

[Mr. Winters.]

Mr. Black (Cumberland): Is the capital expenditure administered by the minister's department?

Mr. Winters: Mr. Chairman, it is administered by a board which consists of two members appointed by the federal government and one by the government of the province of Alberta. The chairman at the present time is General Kennedy.

Item agreed to.

Canadian government travel bureau—

419. To assist in promoting the tourist business in Canada, $1,496,900.

Mr. Murphy: Mr. Chairman, I will only take a few minutes of the time of the house on this item. I have spoken on this subject practically every year, and, as a matter of fact, I think the first speech I made in the house primarily concerned the tourist industry.

This item involves one and a half million dollars and at the moment it is not so much the item itself that I am concerned about, but rather the tourist business or the potential tourist business in Canada. I am concerned with what we are doing to obtain it and with what we are not doing. In no sense can anything I say be termed provincialism because I think every member of the House of Commons is concerned over this industry. I do not think there is any industry which affects every segment of our society as does the tourist industry. Whether we derive revenue from the maritimes or from British Columbia, from Ontario or Quebec, the overall picture remains the same as far as Canada is concerned. Fortunately for some provinces they obtain a great deal more tourist business than others. I think perhaps it is because they apply a greater effort toward obtaining those U.S. dollars.

We have a travel bureau presently set up under the Minister of Resources and Development. I have said before that this bureau was set up under R. B. Bennett in 1934 and it has operated under some eleven different ministries since that time. It has been a sort of Topsy that has been bandied about without proper regard for its importance. Some years ago, when tourists from the United States accounted for about $300 million some odd, I said that our tourist industry should amount to about a billion dollars per year. Unless we set our sights on that objective, I do not think we will ever attain it. We are certainly not going to attain it the way we are going.

First, I should like to mention that most of the tourists enter this country on rubber. They come in automobiles, and mostly from the United States. The majority of United

States tourists come from the area around Chicago and east. I mention that because, living in Sarnia as I do, it is not news to any member in the house that within about eight hours' drive of that city there are more people in the United States than live in the whole of the Dominion of Canada. Many of those people do not realize what Canada offers in the way of tourist attractions. This country is fortunate in being in a position to offer so much to so many, and I regret that we are not taking advantage of those circumstances by using the proper method to invite those people to enjoy their vacations in this country. Today everyone takes a vacation, because even the dinner bucket man gets two, three or four weeks' vacation. These people usually go on their vacation in an automobile.

The first people these tourists meet upon entering Canada are the immigration and customs officials. While these two departments do not come under this minister, I think every member of the house will agree with me when I say that we are very proud of the staffs we have at the border points. I am very enthusiastic about the calibre of the employees we have in Sarnia, Windsor, Niagara Falls, and in fact at any place where I have had the opportunity of crossing into this country from the United States. We might well be proud of them, because the impression the tourist gets upon entering Canada is very important. Most of these tourists have travelled in foreign countries, and they are pleased at the kindly reception they meet with from the customs and immigration officials. I am proud to stand up in this house and say that the ministries who employ these two groups of people must be satisfied in their own minds that they have very efficient staffs. I mention that because it plays a large part in the tourist industry. Where I live I meet many tourists, and I have no hesitation in saying that many of them volunteer information on how well they were received when they entered Canada.

We are spending a million and a half dollars to develop the tourist industry. I recall that my first speech on the tourist industry in 1945 took almost forty minutes, and each succeeding speech has occupied a little less time. It seems that the longer I speak about this business the less the tourist industry develops, so perhaps I should limit my remarks to about five minutes. I am disturbed about the apparent lethargy which seems to exist in the development of this industry. It is so apparent to anyone who is interested in the tourist business. Practically one million dollars of this vote is for advertising. We do not seem to be getting any results, because the business has not increased. When we look at the dollars and the dollar value, our tourist industry is down about fifty per cent compared with some years ago when our dollar was worth a great deal more than fifty-four cents. I got sick and tired of asking for returns on who had the advertising account, and what magazines and papers were used. I received a list amounting to about three pages.

I believe that the head of any industry in this country that was spending a million dollars on advertising its product, whether it be Ford Motor Company or Imperial Oil would certainly find out if they were getting value for that amount of money. We are not receiving value for the money we are spending. I spent many thousands of dollars advertising the five-cent cigar when it was worth smoking, and I know a little bit about advertising. You must judge this thing on the results, and we are not getting results from this advertising. The same firm of Cockfield, Brown and Company have had the advertising ever since I came to this house in 1945. I would suggest to the minister it is about time he had someone make a survey of the effectiveness of this advertising, because we are not getting results for the million dollars we are spending. I say that that million dollars is being thrown down the drain.

When you look over the list of magazines on which the advertising appears, and see some of these picayune publications upon which the money is spent, you realize that there is not one chance in ten thousand of any of the people of the United States who want to come to Canada ever seeing those advertisements. The minister has had three years' experience in this department, and if I were the minister I would make an inquiry to ascertain what return he is getting for this million dollar expenditure. I hesitate to go much further into this thing, but when I see this inactivity it reminds me of a marsh into which you cannot see for the moss on the trees and the scum on the water. I think it is about time this government revised its ideas on the value of the tourist industry to this country. In years gone by I have suggested that we have a separate ministry for it, because I think it could be developed into a billion dollar industry. If that is so, it is certainly worth a special ministry. There are some departments in this government that might be merged, but at no time since I came into this house has this government approached the tourist industry with the zeal and determination necessary to obtain the United States dollars which these tourists could bring. I say that without any hesitation, Mr. Chairman.

I do not pretend to speak for any one province, because this industry is as important to the west as it is to the east. When anyone travels across this country of ours from British Columbia to the east coast, he finds that there are thousands of places in which anyone would be glad to enjoy a holiday, whether he be a Canadian or a citizen of the United States. I think that this government must recognize that they have more incentive today than they ever had to build up the tourist industry of this country. There was a time when the various states of the United States did not bother to advertise their attraction lure, but today the situation is different. If you pick up any New York, Boston, Detroit or Chicago paper or even our Canadian papers you will find such advertising. There are states in the union whose tourist business is three to four times ours in Canada for a whole year. I say that is because of the aggressive policy of those various states, which are favoured by weather or climate. But it is true enough that we have here weather that is incomparable for a vacation. In addition to the weather we have the scenery, the lakes, the mountains and everything else that goes to make up a good holiday. We have plenty of good resorts, with more being built every day.

Those in the tourist industry are extremely courteous, thank goodness. I think we must pay tribute to those who endeavour to cater to the tourists. We do not find here—as we do in some foreign places; I will not mention any particular place—the tourist being gypped by those with whom he has to do business. In travelling in this country from coast to coast I have found out that any tourist, no matter whether he comes from our own country or from the other side, gets a fair deal from those who are in the tourist industry.

I have said before on more than one occasion that there should be closer co-operation between the dominion government and the provincial governments. There seems to be overlapping. They have a couple of days' conference in the fall, but that is not enough. I say without any hesitation that if the dominion government cannot do better than it is doing here, it should transfer the money that is being asked from this parliament to the various provinces, let the provinces get on with the work and do a job of it. Some of them are doing a job. I hesitate to say these things, but I think we are entitled to a billion dollar industry; let us get it. We are not going to get it by going along in the way we are now and have been going for the last ten years.

[Mr. Murphy.]

Let us consider the province of Ontario. I will just refer to that one particular province. I said a moment ago that Cockfield Brown got a million dollars for advertising and we are getting a poor job. The province of Ontario gets practically 60 per cent of the tourist industry. Their advertising for last year amounted to $155,000. It must be obvious to anyone who can listen or read that if Ontario can get that percentage of the tourist industry by spending $155,000, the whole dominion should certainly get a great deal more than some $280 million by spending $1 million in advertising.

As I have said before, Mr. Chairman, the trouble has been that these suggestions have fallen like seed; they grow up, and then somebody comes along and destroys them or ignores them. Maybe that is the reason we have lots of ragweed these days. Years ago I suggested that instead of spending so much money on advertising from which we get so little value, we should apply a more aggressive method of getting entrée to those places in the United States from which tourists are apt to come to this country. We need United States dollars, and we shall continue to need them.

I said before that we should have motion pictures in every city from which we get tourists in any numbers. Let there be teams who will go out from this country. It is not good enough for one or two men in this department to go over to the United States and tell them we have a great place to have a holiday. If you attacked this thing in a businesslike method, you would have teams of, we will say, two people or four people, as the case may be, who would be on a yearly schedule in the various states throughout the United States from which we get the most tourists, who would be able to show motion pictures illustrating what we have to offer, and who would be able to give talks to various service clubs and so on.

The same thing could be made available through the motion picture industry. We get most of our pictures from Hollywood. I would not have any hesitation in saying to Hollywood producers: If you want to put your pictures in Canadian theatres, you must show something about Canada in all the theatres or many of the theatres in the United States. I have said that before. Here we have, within this last year, three, four or five speeches about the tourist industry; but that is not good enough, Mr. Chairman. We have too much to offer, to do so little.

There are many other ways of developing the tourist industry. I see in the details an item of $18,000 rental for an office in New

York. When the minister replies I should like him to give some information on that item and other matters with which I am dealing. With respect to offices in these various cities, I say we should take part in various trade fairs and all that sort of thing in order to develop this industry. But it is not going to be developed unless some other method is adopted by this government, one of realism and with a proper approach, in order to get the results to which we in this country are entitled.

I am going to mention something I think is extremely important. I have here an Ontario publication and I take it for granted that it is accurate. This bears out exactly what I said a few minutes ago. They have gone to the trouble to make a survey. As you will yourself recall, Mr. Chairman, and as will many members of the committee, one of the greatest boosts this country ever got for the tourist industry was under the premiership of the present leader of our party, when he had some twelve editors make a ten or twelve-day jaunt in the province of Ontario, with the result that we obtained an enormous amount of splendid publicity in the United States. I think I recall an article by Rex Beach on this subject in the *Saturday Evening Post*; and we all know the circulation of that magazine in the United States. That is another method of approach.

I think this dominion government surely has time, through this department, to consider some avenues we can follow to get more revenue. This is a questionnaire. One question is: What prompted you to choose Ontario? This might apply to any other province in the Dominion of Canada. The 2,782 answers out of 3,000—which is an astonishing proportion to me and I think to hon. members of the committee—gave these results:

Results were:

	Per cent
Travel show	3
Ontario government ad	16
Canadian government ad	11
Resort or camp ad	4
Recommendation of friends	51
Travel agents' choice	1
Other (mostly curiosity, desire for a foreign vacation, interest in Canada)	35

In that 35 per cent are a great many people to whom our appeal must be made and intensified. What astonishes me is that here the Ontario government spent $150,000 for advertising and the dominion government spent $1 million. Yet to the question, what prompted you to choose Ontario, the answers showed the Ontario advertisement had influenced 16 per cent and the Canadian government advertisement 11 per cent. To me or to any man in business that is evidence that there is something wrong with the advertising method that is being used. When we are spending $1 million I think we are entitled to get value. That is the reason I am taking some time today to speak about the matter, because we are not getting that value.

Here is another interesting item in this same questionnaire: Who helped plan your Ontario vacation? There were 1,686 replies. The answer to that is this, and I take it for granted that it is accurate; I do not question it for a moment: Ontario government department of travel and publicity, 52 per cent; Canadian government travel bureau, 21 per cent; other state or provincial travel bureaux 6 per cent. There again is evidence that an aggressive department, as they have in Ontario, can get results while we, who are spending six and a half times more, are not getting results.

Mr. Byrne: They are not spending it all for Ontario alone.

Mr. Murphy: They are not spending it all for Ontario, and I did not say they were. If you would clean out those ears of yours you would hear what I am saying.

Mr. Byrne: Say something sensible and I will listen.

Mr. Murphy: You would not know what something sensible was. I have heard you interrupt so often, and it is sickening enough listening to you.

If I were in the minister's place I would certainly have a survey made of the results we are getting from the amount of money spent, and why we are not getting more tourists into this country. He would also have to appreciate the competition we have to face. He should study what some provinces are doing more successfully than the dominion department.

I suggested before that when the conference is held in the fall between the provinces and the dominion they should bring in advertising executives from successful corporations. We have plenty of them in this country who would be only too glad to come to a session of that kind. These big companies in Canada have become big because they have studied the best methods not only of production but of selling what they produce. If they have good products they advertise those products. That advertising is a proper procedure. I suggest that advertising by the department might follow some of the first class advertising we see done by the railway and steamship companies in this country. Let us compare what they do with what is done by Cockfield Brown. There is no comparison whatsoever.

In conclusion, I hope the minister will not take unkindly what I have said, because

mean every word of it. The tourist industry means so much to every province that there must be an awakening as to what we have to offer for so many people. We can get tourists if we go after them. I believe if the minister were in a position to increase his present responsibilities and give more time to the work of the travel bureau, the country would be well rewarded.

Mr. Winters: Let me say at the outset that I regard the hon. member's speech as non-constructive, unfair and inaccurate. He has every right to say what he has said but he contributed almost nothing to the solution of the tourist problem in Canada, and he has shown that he knows very little about our operations.

Now let me say one or two things about what is being done and, in doing so, let me try to be constructive. We spend about $1 million a year of the taxpayers' money in advertising Canada in the United States. Visitors to this country spent last year in Canada $271 million. I do not want to say all that $271 million came to Canada because of our advertising; but I will say that the $1 million spent by the taxpayers was very well spent. And in terms of money brought back to Canada it more than paid its way. I believe the taxpayers of this country as a whole are sound and sensible and will realize that fact.

The hon. member asks why we do not evaluate what we are doing. There is an independent research organization known as the Starch research organization, which we do not pay but which nevertheless does analyse tourist advertising each year. They show consistently the advertising sponsored by the Canadian government travel bureau to be better than that of any other agency which advertises anywhere in the travel field. We also have our advertising evaluated by the national opinion research centre. We therefore do scrutinize what we are doing in very searching way, and we do try to improve it at all times. The hon. member criticized us for not getting the benefit of the advice of travel people, of what he called travel executives in this country. I am surprised he does not know that each year in our dominion-provincial tourist conference we have every top advertising executive of every company in this country—

Mr. Murphy: I said business executives.

Mr. Winters: —who is concerned with travel; and they give us the benefit of their advice.

Mr. Murphy: On a point of order; I said business executives.

Mr. Winters: That is not a point of order.

[Mr. Murphy.]

The Chairman: The hon. member may clarify a point in his speech either by asking the minister if he wishes to yield and resume his seat, thus permitting the clarification to be made; otherwise he must wait until the minister has finished his speech.

Mr. Murphy: I would like to ask a question, and have it clarified. Is it not true that I said I would like to see him have advertising men from responsible and successful business firms? I was not talking about other agencies.

Mr. Winters: I think the hon. member's question will stand on the record; and I think, too, the impression the hon. member was trying to convey is evident.

Then he suggested that we should do more to get the picture across to people in the United States. We have travel shows which last year visited Chicago, Minneapolis, Dallas, San Francisco, Los Angeles and Seattle. We have films in about 63 libraries in the United States, which have a wide distribution and circulation, showing Canada to people in the United States.

He suggested that we should try to get Canadian content into United States films. That was a constructive suggestion, but he is considerably behind as the facts of the situation reveal. Some years ago under the Department of Trade and Commerce a Canadian co-operation project was set up, the sole aim of which was to get Canadian content into Hollywood films. That was one of the arrangements under which Hollywood was given permission, one might say, to continue to show their pictures in Canada and to take funds out of this country at a time when we were trying to build up our reserves of United States dollars.

I understand that at the present time some of the private distributors such as Famous Players have agents in Hollywood whose major job it is to get references to Canada and other Canadian content into Hollywood films. Of course no one can induce people to go to theatres to see pictures that do not appeal to them. Therefore we cannot dictate what sort of content should be put into pictures distributed by private distributors. But every effort is made, and I think successfully, to get Canadian content into United States films.

I had the privilege this year of visiting some of the studios in Los Angeles. The producers were most anxious to show me what they were doing by way of inserting Canadian content into their films, and were very proud of what they had accomplished. Some of the films they had before them at that time are in Ottawa theatres at the moment.

In the New York office we spend $18,000 a year for rental of the accommodation, but I am satisfied that there again the Canadian taxpayers are getting a good return for their money. Over 1,000 potential visitors to Canada are serviced every week by the New York office. That office also sends 700 to 800 queries a week to Ottawa to be serviced here. In addition that office provides information to writers, newspapers and magazines. I am sure the hon. member also noticed a considerable increase in the number of references to Canada in United States magazines. We have an office in Chicago which is also quite successful in inducing visitors to come to Canada.

My hon. friend may say: What is the result of all this? The result is that last year we had more visitors to Canada than in any year in Canada's history. They spent less per capita, but even in the mood he is in today I do not think the hon. member would blame the Canadian government travel bureau for not inducing tourists to spend more money once they get here. The main function of the travel bureau is to advertise all parts of Canada, not just Ontario, Nova Scotia or any other particular province, so that tourists will come here. Once they get here it is the responsibility of those concerned with the tourist trade to see that they are made sufficiently welcome so they will want to stay and spend their money.

When the hon. member attempts to compare the record of the province of Ontario with that of the government travel bureau he is comparing unlikes. The Ontario travel bureau is doing an excellent job. It is well staffed and presents its material in a good way. The Canadian government travel bureau devotes time and money to advertising Ontario. If Ontario is enjoying success as a result we are more than pleased. We are not competing with them in any way, we are simply trying to help the provincial governments stimulate their tourist trade.

What is the situation this year? For the five months for which we have records we have had more queries than ever before. These have been the biggest five months in point of interest in tourist activities in Canada of any period in Canada's history. We have dominion-provincial conferences every year during which representatives of all provincial governments come to Ottawa. As I said before, advertising executives of companies concerned with travel come to Ottawa and sit down with us. We try to work out ways whereby we can stimulate tourist traffic to Canada. I think I am reflecting very fairly the views of those people who sit down with us when I say that the Canadian taxpayers, money spent on tourist promotion is spent to good advantage. I believe they consider that a good job is being done. I think the provincial governments from one coast to the other will take from my hon. friend's remarks this afternoon the inference that he is reflecting against them as well as against the Canadian government travel bureau by saying that we jointly are not doing a good job in this field.

It is our aim to do the best we can. We are open for constructive suggestions this year just as we have been in other years. I think we are making progress. I believe if hon. members reflect soberly on the problem and the results that have been achieved through the efforts of the Canadian government travel bureau under its well-known director they will realize that there is not the lethargy to which my hon. friend referred. We are in fact doing what we set out to do, seeing that the taxpayers of Canada get a good return on the money they are spending in this field.

Mr. Murphy: Will the minister give the revenue from the tourist industry during the years from 1945 down to last year? That will indicate whether there has been any lethargy.

Mr. Winters: That again is the sort of unfair approach to the problem to which I referred earlier. I said that more tourists came to Canada last year than during any other year in Canada's history. My hon. friend is trying to show that in point of dollars spent this industry is down. Manifestly our job is to bring tourists to Canada. Whether they spend money here is something beyond our jurisdiction.

Mr. Murphy: Just give us the figures for those years.

Mr. Winters: I will give the figures asked for by the hon. member. The total expenditures in Canada were as follows:

	million
1945	$166
1946	222
1947	251
1948	280
1949	286
1950	275
1951	271

Mr. Murphy: Those figures verify what I said a few moments ago. Despite what the minister has said, despite the increased population in the United States, we find this decrease in revenue. Any business executive who found that his revenue had decreased from $280 million in 1948 and $286 million in 1949 to $275 million in 1950 and $271 million in 1951 would be concerned about his business. Is it any wonder that we are concerned about the return that we are getting for our money?

I resent any sugestion by the minister that my remarks are going to be misinterpreted by the provinces. Not one province in the country will misunderstand what I said. I think there should be closer co-operation between the dominion and the provinces. I believe much could be learned from some of the provinces which get a good share of the tourist industry.

Mr. Cavers: The minister has indicated the amounts spent in Canada from 1945 down to 1951. Can he tell us the number of persons who came to Canada during that period?

Mr. Winters: I have not the figures before me for all the years involved, but I will be glad to get them for the hon. member.

Mr. Murphy: What amount of advertising has been done during the last four years, and what firms got that advertising? How much was spent in Canada and how much in the United States?

Mr. Winters: The total advertising budget is spent in the United States, and in each of those years was placed through the firm of Cockfield, Brown and Company.

Mr. Nowlan: Mr. Chairman, I do not want to become involved in any discussion as to the propriety of these expenditures because I am not qualified to speak on that matter. I do suggest to the minister that when the hon. member for Lambton West, who has had considerable business experience, speaks as he did this afternoon it is hardly becoming to say that he knows nothing about this matter. The minister is not reflecting his usual genial nature when he speaks in that manner.

Mr. Cavers: The hon. member was not very genial.

Mr. Nowlan: I do not think the minister is facilitating the passing of his estimates.

Mr. Martin: We are all happy now.

Mr. Nowlan: The Minister of National Health and Welfare will pour some oil on the waters. I think this year the department is perhaps facing a more difficult problem than in the past due to the situation with respect to the Canadian dollar. It is all right for the minister to say that last year more tourists came to Canada from the United States than ever before. We are very glad to have them, but I am sure the minister would not assume that the credit for that necessarily rests with the administration of his department.

Mr. Winters: I said I would not attribute that all to the department.

Mr. Nowlan: There were more United States cars on the road. There was probably a higher standard of prosperity there, and there was a depression of currency here. It is impossible to use a mathematical yardstick to determine what caused that situation. However, we know that we will have a slightly different situation this year and perhaps the department will be put to a greater test. Far be it from me, with a Nova Scotian in charge of the bureau and another Nova Scotian as the head of the department, to suggest that they will not meet that test.

I was down east the other day and there is one particular problem which is concerning the people there and with which I am sure the minister is conversant. It is a recent development arising out of the catastrophe facing the whole nation as a result of the foot-and-mouth disease. It affects that part of the tourist industry which depends upon hunting in the fall of the year. The intimation that has come from the United States is that no game can be exported from this country. I should think that is a rather far-fetched ruling arising out of the problem in western Canada, and through the influence the government can bring to bear I hope the minister will be able to do something in that connection. He may have made a protest along that line already and some results may have been achieved.

I happened to be in one of the maritime provinces a week or so ago in the northern part of which the people are dependent to a large extent on tourists hunting for game in the fall. They were tremendously concerned about the matter. I have stood on the pier at Digby and have seen fifteen, twenty or twenty-five cars in an afternoon ready to go across the bay with deer carcasses in the cars or in trailers which were being taken back to the United States. Many of these people will not be coming to this country this fall because, though they come for the sport, they like to take visible proof of their success home with them. If they are forbidden to export game they will at least be discouraged, and I would think definite steps should be taken to deal with the situation now.

Speaking of advertising, I think there is one point wherein we fail, at least in our part of the country and I think generally throughout Canada. We fail to advertise our historic sites, and we should emphasize and develop them. I can think of a building in Grand Pré which is the only remaining home of those built by the American planters when they came to this country after the Acadians were expelled. It is a home in which one of the prime ministers of this country was born. That home was sold a short time ago for purposes which certainly will not result in its being maintained much longer. If a house like that were in existence in the

United States it would be marked by flagpoles for ten miles on either side, and signs telling you that you were approaching a historic site and you should take off your hat and walk reverently. This house is hidden in the shrubs, and is not marked in any way and requires expenditure of substantial moneys for maintenance. This is the type of matter which I think should be given attention in the development of our tourist industry.

The minister knows the habitation in the lower end of my constituency which is the exact replica of the first white settlement north of the gulf of Mexico. It is something for which the government should be commended, but there it stands bare and barren in the centre of a hay field. We have been considering estimates for reforestation this afternoon, yet at this particular place not a tree has been planted. When the tourist approaches such an environment it certainly does not appeal to him. The expenditure of a few hundred dollars there would add tremendously to the investment the government has already made.

There is one other matter I should like to mention in passing because this industry, as the minister knows, is of tremendous importance to all Canada but particularly to the east where we have not the industrial life on which other parts of Canada can draw. I believe the development of the tourist industry is one of the greatest contributions the minister and the government can make toward the economic stability of the maritimes, and particularly of my own province. As someone said a few moments ago, the tourists all move on wheels, and when they come to Nova Scotia they have to move on wheels over a long and tortuous route through various states and provinces. I hope the minister will exercise his influence on his colleagues to see to it that a more adequate transportation system is provided between Yarmouth and the state of Maine so that tourists can come to Nova Scotia without these long, dusty drives.

I am sure the minister rather deplores that situation, too. One finds that keels have been laid for over thirty steel ships in the last year, yet steel is not available for the construction of that promised ferry which is so badly needed. I think the minister should and can give us a lead and in that way make a real contribution toward the development of the tourist industry in the maritimes.

Mr. Murphy: The minister did not give the amounts spent for advertising in the last four years. I think he overlooked that. He just said one firm handled the advertising. While he is looking that up, I might say that naturally I resent his introductory remarks. I might remind him that pretty much what I said this afternoon has been said before on many occasions, not only to him but to former ministers.

Mr. Winters: Repetition does not make it correct.

Mr. Murphy: I think they have even acted upon some of the constructive ideas I have suggested. From the minister's attitude this afternoon, apparently if he did receive a constructive suggestion he would ignore it.

Mr. Noseworthy: Would the minister tell us—

Mr. Murphy: I have not had the answer to my other question.

Mr. Winters: We are looking it up.

The Chairman: While the minister is looking it up perhaps the hon. member for York South might proceed.

Mr. Noseworthy: Was the whole amount of $953,000 for advertising in United States newspapers actually spent on advertising, or does that include the commission paid to the advertising firms?

Mr. Knowles: The firm, just one.

Mr. Winters: The Canadian government pays no commission directly on its advertising. The commission is paid by the newspapers and magazines with whom the advertising is placed.

Mr. Knowles: Does the government not know how much Cockfield Brown is making by way of commission out of this huge sum of money?

Mr. Winters: Cockfield Brown get 15 per cent from the magazines and the newspapers.

The Chairman: Shall the item carry?

Mr. Murphy: No, Mr. Chairman.

Mr. Winters: The hon. member for Lambton West asked for the figures for 1945—

Mr. Murphy: The last four years will be all right.

Mr. Winters: In 1951 we spent $553,920 for magazine advertising.

Mr. Murphy: I mean the total amount for advertising.

Mr. Winters: I will give the newspapers separately. In 1950 the amount for magazine advertising was $665,350. In 1949 it was $573,648 and in 1948 it was $426,003. The corresponding figures for newspaper advertising are: 1951, $284,034; 1950, $256,665; 1949, $251,913; 1948, $75,410.

Mr. Murphy: Have you the totals there for each year?

Mr. Winters: No, I have not the totals for each year.

Mr. Knowles: On what basis is the firm that places this advertising chosen by the government or by the department? It has already been indicated that the same firm has had this advertising for a number of years. I note in the public accounts for the year ended March 31, 1951, the last year for which the public accounts are available, payments made on behalf of the travel bureau to Cockfield, Brown and Company Limited, Montreal, amounted to $608,377.25. The minister has just told us that this is the total amount paid for the advertising itself and that Cockfield, Brown and Company gets 15 per cent as its commission. Fifteen per cent would be $91,256.58, the amount Cockfield Brown made out of this business in that year.

May I ask my question in these terms: Are tenders called or is any inquiry made as to the possibility of other firms handling this business? Has consideration been given to the possibility of the travel bureau placing this advertising directly?

Mr. Winters: Mr. Chairman, that would be an expensive way of doing it, if it were practical. The advertising agency prepares all ads, and its expense for preparing the ads and doing other work in connection with placing the ads comes out of the agency's percentage. The Canadian travel bureau's arrangement is that it pays the media which carry the travel advertising through the agency which places the advertising, but they get their fee in turn from the media which carry the advertising.

Mr. Knowles: It seems to me that if the same firm is doing this over and over again, the cost of preparing ads, handling business and placing ads should be decreasing. I would still like to know how this firm was selected in the first place, and why it is still the same firm. There are other advertising firms in the country—if I cannot persuade the minister that the government should do this work itself.

Mr. Winters: I do not know how the firm was picked in the first place but it is an outstanding advertising firm.

Mr. Fleming: It does most of the Liberal party's work.

Mr. Winters: It has been doing an excellent job of work as witnessed by the fact that the Canadian tourist advertising excels that of all other agencies interested in tourist trade. That is an indication of a pretty good job.

[Mr. Winters.]

Mr. McLure: Before this section carries, I understood the minister to say, with respect to advertising, that it is mostly done by the federal government. That does not interfere with provincial governments doing their own advertising.

Mr. Winters: That is quite right.

Mr. McLure: Today I met two men from Washington and their inquiries were with reference to a good place to spend their vacation during this present summer, bringing their families. I happened to have some of the travel bureau advertising material in my possession which I was very glad to pass on to these gentlemen, who will be going back to Washington in a day or two. I have made a note of what the minister has said about the advertising being very good and I hope we get these people with their families down in Prince Edward Island, the greatest tourist resort in Canada, of course. The only results we could ever see from advertising was from advertising for which we never paid, given to our island by our great authoress, the late Lucy Maud Montgomery MacDonald.

As an hon. member said a while ago, if we specialized in our advertising, giving some of the specialties in the different provinces, people might come to us. If the advertising is following the right channels the amount spent is not too much, in my opinion. In fact I would like to see more spent on advertising, and I hope we can get up to the billion dollar mark in this business. The tourist industry is one of the greatest industries we have, especially in the maritimes.

I asked the minister when these estimates were up before whether he would not help us in fixing up six miles of roadway leading to our tourist camps and cottages. He declined to say that he would do this though it is one of the worst hindrances we have, it is so dusty. However, we will likely get him down there this summer and we will take him for a swift drive over those six miles to the greatest golf course anywhere in the land. In fact the Minister of Defence Production says it is the finest golf course in America. I think the reason he said that was because when he played there he won a trophy.

We should advertise so we can get more tourists. We are anxious to get more tourists into our province because we can give them the best of seafood to eat; the best of butter that can be produced anywhere—no margarine on their slices of bread—good beef and lamb; everything that is good to eat. There are lobsters galore, and oysters if people stay long enough in the fall. Those are the things which should entice people, and I am sure I for one will not take objection if the minister

spends $1 million or $2 million as long as we get some results.

Mr. Cardiff: I would like to suggest to the minister if he is spending that much money he should tell the advertising agencies what a wonderful place Goderich is. People have not seen anything until they get down there.

Mr. Noseworthy: Would the minister tell us what is involved in the $11,000 item for living and rental allowance?

Mr. Winters: Mr. Chairman, that is for the personnel in the New York and Chicago offices.

Mr. Murphy: I wonder if this advertising firm submits its ideas for advertising to you and to the department prior to the advertising season, and if by chance you have ideas submitted to you by other advertising firms.

Mr. Winters: All plates are submitted to us before they are sent out to the distributor and, of course, many ideas are submitted to the Canadian government travel bureau. Many of them are adopted and find their way into the advertising of various parts of the country.

Mr. Murphy: Who indicates where this advertising must be placed?

Mr. Winters: The Canadian government travel bureau is responsible for that but it is guided by the agency which has broad experience in those fields. We look to them for advice but the Canadian government travel bureau is responsible.

Mr. Murphy: What other advertising firms have submitted ideas over the last two or three years?

Mr. Winters: I cannot answer that, Mr. Chairman. I do not have that information before me; but we get a wide variety of ideas from a great many people across Canada.

Mr. Murphy: It seems strange to me, Mr. Chairman, that with a million dollar account involved the minister now states he gets ideas from different people. I am wondering if he has asked other advertising firms to submit ideas, and I say that because this firm has had this advertising account ever since this government came into power. I believe we are entitled to an explanation.

Mr. Winters: The explanation is that they are doing a good job in getting out the type of advertising which rates highest in the field. Surely that merits confidence when we are looking to people to place our advertising for us.

Mr. Murphy: I would not think the results bear out the minister's statement, at least from the figures he gave a few minutes ago showing the revenue from the tourist industry for the last few years and the amount spent in advertising for those same years. It is for that reason I have been very disturbed about this matter.

Mr. Knowles: If we cannot get the information at this time, at another session I think we should have a more informative statement from the minister as to how this firm got this advertising in the first place, and how it has been able to continue to get it. A few minutes ago, in answer to one of my questions, the minister said he did not know how this firm got it in the first place. I remind him that this is not the first session we have asked questions about this matter. It does seem strange that this one firm has been getting the account all the time, and there has been no explanation of it. It seems to me that close to $100,000 could be saved if the government handled this business itself, but at any rate the next time this estimate is before us we should have a statement from the minister that will indicate clearly how this firm got the business in the first place and why it continues to get it.

Item agreed to.

The Chairman: I am informed that items 255 and 256 concerning the national film board also come under the jurisdiction of this minister.

Mr. Fleming: May I make a suggestion to the minister in regard to those two items covering the national film board? I suggest that they be allowed to stand over until the special committee appointed to study the film board has submitted its report. The same thing has been done with the items covering housing. This method would avoid duplication in the discussion and contribute to a more orderly debate on the subject, Mr. Chairman.

Mr. Winters: Mr. Chairman, the committee that was examining the report of the film board has now concluded its hearings but has not yet reported. If hon. members feel it will assist them and make for a more orderly consideration of these estimates, I would have no objection to that course of action.

Mr. Fleming: I thank the minister, and I believe it will contribute to a more orderly discussion if the report of the committee is before the house. It would avoid duplication of the debate now, and it seems when the committee is ready to report that it would be a waste of time to discuss these items at this point.

The Chairman: Items 255 and 256 will stand for the time being.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

257. Departmental administration, $970,160.

Mr. Blair: Does the minister wish to make a statement?

Mr. Martin: I thought we would deal with the items as we went along, and that it might be better if questions and answers concerned specific items. However, I am in the hands of the committee.

Mr. Blair: It is always a matter of regret to me that the estimates of the Department of National Health and Welfare are covered in a few hours some afternoon or evening. I have always felt that a committee should investigate something as important to the people of Canada as sickness and the causes of death. For that reason I have always advocated a committee. When I started to look into the statistics on the prevalence of disease and the causes of death, I came upon some rather startling information. For that reason it appeared to me that more than a few hours should be spent on these matters.

I believe the members of the house are and should be interested in such things as the prevalence of disease in the country, and especially mortality rates. To show the importance of this matter I am going to discuss something which really does not come under this department but which, nevertheless, is listed as a cause of death in Canada. I refer to the number of accidental deaths. This does not concern the minister; but nevertheless it is listed under the causes of death. I find that I have to use statistics for the year 1948, because those were the only figures available to me. I find that accidental deaths, suicides excepted, in the Dominion of Canada amounted to the rather startling figure of 7,958 in 1948. Going back to the years 1946 and 1947, I find that this figure has been steadily creeping up.

From this one figure it would be difficult to estimate the number of deaths from motor accidents and industrial accidents or from other accidents such as drowning. Two things stand out. I think the number of motor accidents in Canada is becoming appalling. Possibly our attention has been drawn to that in the last month or so because of the casualties suffered by the members of this party. We are glad there have been no fatal results, but at the same time the figure of 7,958 is something to which this committee should give attention.

During the last winter the number of people who were burned to death, especially little children, throughout the whole of Canada was something that bothered us a great deal. Practically every morning when we read the newspapers we found that some family had been wiped out by fire, or little children had been burned. So far as motor accidents are concerned, I know that every department of highways, every minister of highways of every province in the dominion is doing his best, both by publicity and warning the people over the radio, to cut down the number of accidents. In spite of that we still have this ghastly toll of 7,958 deaths. I am quite sure the number of people killed in industrial accidents would be comparatively small in relation to the number killed in motor accidents. As our population increases, no doubt the number of these accidents will become greater. On Memorial day in the United States the casualty list went up to something like 400 or 450. When we are considering immigration, bringing people into this country, and thus building up our population, these seem to be such useless and unnecessary deaths. Accidents will happen; but a toll of 7,958 is something to which this committee could well give some consideration, even if it is outside the ordinary duties of the minister or this department to do something about these deaths. I therefore recommend to the committee that, allowing just a little bit of leeway, Mr. Chairman, we should have some discussion on measures to prevent this sort of thing in this country.

I now come to the principal causes of death in Canada. Though it is a rather morbid subject, we cannot fully analyse the work of the department and the position of health in Canada unless we give consideration to these figures, because these statistics are all-important in a consideration of health estimates.

At the top of the list, in the first ten main causes of death in Canada from all agencies, I find that deaths from diseases of the heart amounted to 33,901. I find that cancer is on the increase, although our population is increasing; and in the last year for which I have statistics 16,258 people died of cancer. The next largest cause of death was intracranial lesions. That, of course, might mean anything occurring, but I think it refers principally to people dying of strokes and cerebral accidents. Violent deaths were in fourth place, the matter I was considering before. Nephritis accounted for 6,805; diseases of infancy, 7,045; pneumonia, 5,700; tuberculosis—and I include in that figure tuberculosis of all kinds—4,773; disease of the arteries, 2,349; and influenza, 911. In consideration of the tenth category I gave, diseases of the arteries, possibly some of those could have been added in with No. 3 on the

list, casualties from intracranial lesions, because many of those were owing to what we call cerebral accidents.

There are, however, some bright spots when we look over this table. Diphtheria has almost been wiped out as a cause of death. In the last year for which I have statistics 86 people died of diphtheria. Tuberculosis has been greatly reduced. With the campaign that is going on at the present time in the province of Ontario I think this figure for tuberculosis will be steadily reduced as the years go by. But as the age of the population increases the probability of death will be greater from diseases which mainly affect older people. For instance, cancer and heart disease may account for a larger proportion of the deaths than formerly. When the age to which people in Canada live is increased, it is normal to believe that in their later years some weakness will become apparent that will carry them off. According to the statistics, an increasing number of heart cases and cancer are unfortunately making their appearance. In analysing these statistics we must bear in mind the fact that while heart disease and cancer are increasing, there may be a reason for these increasing numbers finding their way into our statistics.

As to heart disease, one is struck by the number of cases of coronary disease occurring at the present time, especially among younger people in the thirties and forties, not in the older group to which I have referred. From reading the press, we are all aware of the number of prominent businessmen or men who have taken an active part in the affairs of our country who are suddenly wiped out owing to coronary disease. I shall say something later about research with regard to this disease. It is becoming a problem; there is no doubt about that.

So far as older people are concerned, while cancer is increasing—and this would refer also to people in the younger age groups—one must remember that the population is increasing, and that possibly we are getting better methods of diagnosis than we formerly had. This fact would probably be one reason for the statistics showing an increase in the number of cases in our country.

Mr. Martin: Our statistics are better. Our techniques are better.

Mr. Blair: Yes. The techniques used in building up those statistics are much better. Nevertheless, making allowance for an increasing population and for the fact that there is better diagnosis with regard to this disease of cancer, we have a problem in the fact that 16,258 deaths from cancer occurred during the last year for which we have statistics. Possibly one should also look at the number of cases where, because of early treatment, deaths from this disease were avoided. In mentioning this matter I should like to refer to the prevalence of the disease in this country. In doing that I shall also refer to the necessity for opportunity for early diagnosis and treatment not only to people living in urban centres but throughout the whole of Canada.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Blair: Mr. Chairman, before the dinner recess I was discussing mortality rates in Canada, and the incidence of certain diseases. I wish now to discuss the matter of infantile mortality in Canada. I am glad to say the rate in Canada has been dropping steadily. Possibly there are good reasons for that, because increased hospitalization, as well as widespread pre-natal and post-natal care have cut down the percentages of deaths. But there are other factors involved, such as improved water supplies, improved sanitation and the pasteurization of milk, which have had a great deal to do with the cutting down of the mortality rate.

I am going to give the committee the mortality rates in other countries in the world, by way of a comparison with Canada. The first country on the list, and the one with the lowest mortality rate in the world, is Iceland. The figure I give for Iceland is the 1947 figure, whereas the others I shall give are those for 1948. Iceland had an infantile mortality rate of 22, New Zealand, 22; Sweden, 23; Australia, 28; The Netherlands, 29; Norway, 30; England and Wales, 34; the United States, 32; Denmark, 35; the Jewish portion of Israel, 35; Switzerland, 36; the white population in the Union of South Africa, 37. Then I come to Canada with a rate of 44, exclusive of the Northwest Territories.

It is interesting to compare this over-all rate of 44 with the provincial rates. In British Columbia it is 33; Prince Edward Island, 34; Ontario, 35; Alberta, 39; Nova Scotia, 39; Saskatchewan, 40; Manitoba, 41; Quebec, 54; New Brunswick, 61; and I give the rate for Newfoundland before joining the rest of Canada as standing at 74.

We come now to other countries with approximately the same rate. There is Northern Ireland at 45; Scotland, 45; Eire, 49; and then, down at the bottom of the list, Roumania with 199.

There is one notable feature in connection with this comparison of rates. We look to the United States with its large coloured population, as well as a large population in cities, in which there are slums. It has a rate of 32, as compared with our rate of 44. This gives us something to think about, I suggest. It gives us something to shoot at. In spite of the fact that we are doing what we can in this country, and that our rate is steadily dropping, this difference of 12 points over the United States rate is worth considering, because it shows that we must be lax in some way, when we compare the figure for this country with that of the great country to the south.

There are certain things that come to our notice when we consider causes of death in infantile mortality rates. Communicable diseases have been dropping steadily. The loss rate in 1948 was 815. Pneumonia remains about the same, with 2,220 children dying in that year from pneumonia and bronchitis.

But there is one other disease which stares us in the face, showing a casualty rate of 1,472 from diarrhoea and enteritis. Perhaps that might be improved as we proceed with our program of better water supplies, pasteurization and better sanitation. I feel more could be done in the matter of premature births, because there we had a casualty list of 3,892 in 1948. But from all causes—and I have not included some of the others—we have an infantile deaths casualty list of 15,164 in Canada.

I remember stating before, and I state again, that I think many of these children—and we shall refer to them as babies, because most of them were in their first year of life—could have been saved. Quite a large percentage could have been saved, and no doubt will be saved as we proceed with our program.

It is interesting to note the improvement shown in the past 25 years. Of the children born between 1944 and 1948, approximately 72,000 who would have died at the rate prevailing between 1926 and 1930 lived to their first birthday. So I feel we can go ahead with our program, although not feeling satisfied with it, because there is room for great improvement. We bring people into this country. As I remember stating once before, if the 15,164 children could be saved they would be the best immigrants we could bring to this country.

Mental diseases continue on the upgrade so far as numbers are concerned. It is rather disturbing to note that on December 31, 1948, we had 55,858 people confined to mental institutions. I think in this program we could save many of those people before they ever get to the institutions. There was a time when mental institutions simply gave custodial care, but now a large percentage of those who enter are coming out cured. With the program carried on in the schools and mental health clinics it is possible that many of those people would never reach the stage where they would have to go into institutions.

Again it is alarming that, even though our population is increasing, mental disease seems to be increasing at a faster rate. Our great neighbour to the south gave some alarming statistics at the time of the examination of their recruits. It disclosed that the number of young men being refused entrance into the army because of nervous and mental conditions is alarming. I hope that the same condition will not be found to exist in Canada in case there is a general call to the colours in the event of war. There is a great lack of trained psychiatrists in Canada. I would hope that more of the young men graduating would enter this field, because there is a great need for their services in order to cut down the alarming increase in patients entering our hospitals suffering from mental diseases.

I come now to the matter of hospital beds. Due to the program of grants for hospital beds, inaugurated by the province of Ontario, as well as the assistance given by the dominion government for the same purpose, many new beds have been added but there is still a grave shortage in almost every hospital. There is also a great shortage of nurses, and some program should be arranged to attract more young women to the nursing profession. If the profession were made more attractive I am sure many more young women would enter training. You cannot operate hospital beds without nurses. More nurses will be required for mental and other specialized hospitals, as well as in industry. As we go on increasing services of this type there will be a greater demand for nurses.

Hospital executives are finding increasing difficulty in maintaining their institutions. There was a time when hospitals depended upon donations and fees received from patients, and were regarded as institutions supported by philanthropy. Our health plans are broadening out and we are bettering conditions in Canada. The time has come when hospitals should receive more aid from the provincial and federal governments. We have reached a period when they must be regarded as a public utility. It has always been amazing to me that suffering and misery should be considered as something to be alleviated mainly by philanthropy or grants.

Hospital boards are mainly in the red so far as their finances are concerned. They are running behind each year, and finding it increasingly difficult to keep their institutions on an even keel. Hospital executives feel that it will create a bad impression if they keep on raising fees. That just cannot be done. Fees have had to be raised, and in doing this the cost of sickness has been placed far beyond the means of the average man. Quite often a man on a moderate salary has illness in his family requiring a long period of hospitalization, and he soon finds himself in a financial position from which it is pretty hard to recover. Something will have to be done to maintain our hospitals, and I tie in with that the high cost of hospitalization. We must continue to try to reduce our mortality rate. If we are to reduce our infant mortality rate it should be made possible for people to enter hospitals at rates they can afford to pay. These costs are rapidly getting beyond the power of the average person to pay.

This committee should consider seriously the position in which our hospitals are at the present time in spite of the grants given by the federal government and by some of the provinces, including my own province of Ontario. But every province in Canada is not in the same position and we must realize that any citizen of Canada, no matter in what province he lives, is as important to the whole of Canada as the citizen living in a province which has the financial ability to carry out certain health plans.

This is a most important matter. I find these mortality rates most appalling, and we should do more about them. We should institute a program; and in considering that program more time should be given by this committee, instead of passing these items in just a few hours at every session of parliament.

I mentioned one matter which I said did not come within the realm of the minister's portfolio, our high accident rate; but we also have very high infant mortality rates. Many young citizens are being lost to our great dominion. These are matters in which this committee should be greatly interested. When an accident occurs a coroner's inquest is held and the matter is thoroughly investigated, but the fact that so many babies die during the first year of life is something far more important and should receive much more consideration.

Hon. members can find the various mortality lists in the Canada Year Book. They will find the rates for the various diseases and how the different areas are affected. Without naming any particular province, there are some which are somewhat—I do not like to use this word—backward and whose mortality rates are higher than others. A citizen in any province in Canada is just as important as any other citizen in any over-all plan.

There are special cases in connection with which I should like to make an appeal. For years I have talked about arthritis, but new groups are coming forward for various diseases which require special attention. One which is seemingly becoming more prevalent is disseminated sclerosis. I receive a great many letters on this matter. I know plans are being made by people who are interested, to do something about this dread disease. I received an invitation the other day to attend a meeting in Ottawa to discuss this matter. We are gradually becoming aware of the number of people who are suffering from this condition.

I am also interested in the rehabilitation of the victims of infantile paralysis. We have not yet found a cure for infantile paralysis, but I am proud of the efforts being made by the province of Ontario to rehabilitate the victims of this disease. Every child suffering from infantile paralysis is sent into an approved hospital where there are members of the staff trained in the rehabilitation of these cases. It is simply amazing to see these cases when they go into some of the hospitals—the Ottawa Civic hospital is one that is doing a splendid job—and when they come out. It is interesting to see a child go in with a very marked paralysis and come out some months later with no visible signs of paralysis. If this plan could be carried out in all the provinces of Canada it would prevent a great deal of crippling of little children who are afflicted with this dread disease. I am proud of the efforts made by the province of Ontario, but possibly other provinces are not as financially able to assist. I think statistics will bear out that the way the province of Ontario has handled this disease has been most worthy and has prevented a great deal of crippling. All expenses of the patient are paid. The province pays the cost of all hospitalization and specialized treatment up to the point where patients have gone as far toward recovery as they possibly can. Then they are treated later at outdoor clinics. Instructions are given to parents on how to carry on massage and various exercises.

If this program could be put into effect all across Canada I am perfectly sure we could rehabilitate many of these children and restore them to perfect health. I remember the old days when we had nothing whatever

to offer. We used to try some massage after the acute part of the disease had passed away, and we had many cripples. I have seen cases nowadays come out with no apparent paralysis and make a complete recovery. Before this program was instituted I am sure they would have been crippled.

I mentioned before the dinner hour the matter of coronary thrombosis, and that brings me to the question of research. The high rate of casualties in cancer, tuberculosis, coronary thrombosis and other heart diseases demands that we along with other countries keep up our research. We have a brilliant record in the Dominion of Canada in the field of research. Our scientists have contributed a great deal to the cure of certain diseases that were formerly thought to be hopeless. I think we should do our share in the granting of money for research in such diseases, and especially the ones I have mentioned, coronary thrombosis and arteriosclerosis. Every day the problem of coronary thrombosis is before us.

Mr. Martin: I should like to mention in passing that so far as all these matters are concerned, research funds have been made available, as my hon. friend knows, out of the grant.

Mr. Blair: I am aware that research funds have been granted, but I am calling for more and more research to help Canadians who suffer from these conditions. So far as coronary thrombosis is concerned, there is not a day when we are not made aware of this disease having affected people in our circle of friends or prominent men in the life of the country. There must be a cause. There must be something we can do in order to halt the increase in the number of people who are being carried off by this disease.

I come now to the problem of our aged people. It is true that under legislation passed by this parliament the old age pension came into effect. It is doing a wonderful job so far as helping our aged citizens is concerned, but when they become disabled sometimes it is difficult to find places for them. They become chronically ill or are considered ill by reason of their age, and we find them in public hospitals and institutions, places where they really should not be. I think the time is coming when we will have to give more thorough consideration to the building of hospitals for those who are chronically ill, and especially for our aged citizens.

Some organizations are doing work along the line of propaganda of a type that warns people about the danger of certain of the diseases I have mentioned. I do not mean the type of propaganda you sometimes hear on the radio or see in the press that really frightens people. The desire is not to frighten people but to make them more aware of their own physical condition so they will take an interest. This applies principally to the early diagnosis of cancer, and it might apply to tuberculosis. Even in the province of Ontario, where we have mass X-rays and mobile X-ray clinics, it is sometimes difficult to get the odd person to have an X-ray. They say they are afraid that something might be found. That is the reason they do not want to have a chest X-ray. These are all things that I suggest to the committee we should carry out. It is a mark to shoot at. We should try to cut down the incidence of these diseases, to cut down, as we have been doing, the incidence of infantile mortality. Cut down the rate of maternal mortality. Keep up the good work we have been doing in tuberculosis, and above all let us have research into some of these diseases whose cause and cure are unknown.

That should be the basis of any health plan in the Dominion of Canada. We should establish new forms of treatment that would be available for every citizen. We should make the opportunity for treatment available to every citizen. I place these matters before the committee knowing that the committee is sympathetic. Again I voice the opinion that it is unfortunate that a committee of the house could not be allowed to help the department by considering what more could be done to cut down the incidence of diseases and the mortality rate.

Mr. Pouliot: Mr. Chairman, I should like to ask the minister one question. I am sure he will reply, and it will save a lot of correspondence between us. I have received representations from a few of my electors asking that the family allowance should be double what it is now. Would he be kind enough to tell me what is the official answer of the department so that I may have it published in the local weekly down home.

The Chairman: At this stage we are having a general discussion. Hon. members may ask questions, but they will have to wait until the general discussion is finished for the minister to reply.

Mr. Knowles: Mr. Chairman, members in all parts of the house will agree that one of the greatest disappointments at this session of parliament is the failure of the government to take any steps in connection with the establishment of a nation-wide program of health insurance. As the committee knows, in June, 1951, the Minister of National Health and Welfare indicated to us that it was his hope that at the 1952 session of parliament we would have a special committee to study

all aspects of health insurance. There have been many examples of committees of the house which have been simply a means of delaying action, but some of us hoped that a committee on health insurance would not fall into that category. The reason we dared have that hope was because of the success that resulted from a similar committee in 1950 on old age security. Indeed I think it is fair to say that the idea of having a special committee on health insurance was born in that committee on old age security. The terms of reference of that committee in 1950 limited us to the subject of old age security, but other matters in the field of social legislation were constantly impressed upon us as requiring attention. One of them was the need for health insurance. I am sure it is correct for me to say that the members of that committee on old age security felt that it would be most useful if, with the least possible delay, we could have had a similar committee on health insurance.

It was, therefore, a matter of keen disappointment, which I am sure has been felt not only on this side of the house but by many members on the government side, when during the first week of this session the Minister of National Health and Welfare in answering one of my questions indicated that the government had decided there was to be no committee on health insurance at this session of parliament. For that reason, Mr. Chairman, I take the opportunity in this general discussion of the estimates of the Department of National Health and Welfare to impress upon the minister, and through him the government, the urgent and crying need for health insurance for the people of this country. Not only is it an urgent need; it is a subject about which a great deal has been said, written, and studied across many years. In fact, Mr. Chairman, a good deal of politics has been played with this question of health insurance, dating right back to 1919. In August of that year the Liberal party held its last national convention but one, and included in its platform a pledge to bring in health insurance, along with certain other items.

That was 33 years ago, and we are still waiting for the implementation of that promise. The greatest amount of activity with regard to health insurance, at least in terms of talk by the Liberal party, took place in the forties, particularly in the early forties during the second world war. For example, in the speech from the throne that was read on January 28, 1943, as recorded at page 2 of *Hansard* for that year, there is this paragraph:

> My ministers believe that a comprehensive national scheme of social insurance should be worked out at once which will constitute a charter of social security for the whole of Canada.
>
> The government—

That was the Liberal government which we still have with us.

> —accordingly proposes to recommend the early appointment of a select committee to examine and report on the most practicable measures of social insurance, and the steps which will be required to ensure their inclusion in a national plan. Among matters which will be referred to this committee for study and consideration will be the establishment of a national system of health insurance.

That was in January, 1943. If one looks at the speech from the throne in January, 1944, we find the promise repeated again in these words taken from page 2 of *Hansard* for that year:

> When suitable agreements are reached with the provinces, my ministers will be prepared to recommend measures to provide for federal assistance in a nation-wide system of health insurance . . .

Now, Mr. Chairman, during those years 1943 and 1944 a number of other things were done. We have, for example, the Marsh report. The official title is "Social security for Canada, prepared by Dr. L. C. Marsh for the advisory committee on reconstruction". Hon. members will recall that this was at the time of the well-known Beveridge report in the United Kingdom, and it seems that the government here felt it should match the Beveridge report. So Dr. Marsh was called upon to produce this report on rather short order, and it was made available to the special committee on social security which met in 1943. It has a number of pages dealing with the question of health insurance and urging the importance of early enactment of legislation in that field.

We also had in that same session of 1943 this voluminous book entitled "Health insurance—report of the advisory committee on health insurance, appointed under order in council P.C. 836, dated February 5, 1942." It contains a mass of information about matters related to health in Canada and other countries; and it also contains a draft bill for health insurance in Canada which later was incorporated in the report of a special committee of this house, which was tabled in the house and which may be found in the *Journals* of the session of 1944.

In other words, Mr. Chairman, during these years as evidenced by the speeches from the throne, and as these documents show, a great deal of attention was being given to the question of health insurance, and the people of Canada were led to believe that a nation-wide health insurance program was just around the corner.

We had these moves in the direction of health insurance not only here in the House of Commons. A resolution on the matter was

passed by the national Liberal federation in September, 1943, which read in these terms:

> The Liberal federation commends the government . . . for the steps already taken to prepare the way for a comprehensive system of health insurance and recommends inclusion of health insurance in a nation-wide scheme of social insurance.

Well, Mr. Chairman, despite all this activity —this printing of books and preparing of reports and a draft bill—nothing was done. The draft bill was never introduced in the house and certain questions which I asked this year would seem to indicate it has gathered considerable dust since that time.

The next important step in this direction came in 1945, when the dominion-provincial conference met after the election of that year. Hon. members will recall that very prominent among the proposals of the government of Canada to the governments of the provinces were proposals for health insurance. These proposals appear on pages 28 to 31 of the green book entitled "Proposals of the government of Canada". There are a few paragraphs from these proposals which I feel I should put on the record. I am quoting from page 29:

> Health insurance has been widely adopted because it is regarded as the best means of meeting and of distributing fairly the costs of illness and, in conjunction with preventive services, of improving the general health of the nation. Specifically:
>
> (1) Health insurance enables the cost of illness to be prepaid, so that by paying regular sums when they are well people are able to meet the costs of illness when they are ill without being financially crippled.
>
> (2) Health insurance not only enables individuals to prepay their medical costs, but does this in such a way as to secure a wide pooling of risks and distribution of costs in much the same manner as any other form of insurance.
>
> (3) The provision of funds by all persons within a large area makes it possible for hospital and medical services to people in that area to be planned and administered more efficiently and economically than could be done by any other method.
>
> (4) The provision of better facilities for treatment and advice also operates to reduce the total incidence of disease and preventable death. Health insurance must be accompanied by adequate public health measures of a preventive character, but health insurance itself also provides important preventive benefits.
>
> (5) Health insurance permits the steady extension of health services into areas not previously covered, and the rapid application everywhere of new methods and services as they are discovered and developed.

I am putting that section of the federal government's proposals on the record at this time not only to indicate the very close and detailed attention which was given to the problem before these proposals were made, but also to point out that despite the argument that is sometimes used that we must get our health facilities first and wait until after that before we establish health insurance, it was contended in the paragraphs I just read that the establishment of health insurance actually facilitates the development of the health services that are necessary to a complete program. That is our contention.

I cite as another example what has happened because of Blue Cross and similar types of programs. The very fact that they have come into being, the very fact it has been possible for many more people than was formerly the case to have hospital care, has played a part in creating a greater demand for hospital beds and has helped facilitate the development of health services.

The Liberal government has continued to talk about health insurance; yet that set of proposals was made nearly seven years ago and we still do not have a health insurance program. The proposals in 1945 were spelled out in considerable detail, and the amount of money involved was worked out. The government was prepared, in fact, to put the sum of $150 million into health insurance. That was the federal government's proposal in 1945.

I know we have had a good many arguments as to who was to blame for the break-up of the 1945 conference. Every time we raise some of these points it is suggested that that is the reason these matters have not been proceeded with. I would point out that some of the things that were proposed in 1945 have been implemented since, even though it took a great deal of activity from this side of the house, such as the removal of the means test from the old age pension. It is also true that despite the fact that an overall agreement regarding taxation matters between the federal and provincial governments has not been achieved, agreements with eight of the individual provinces have been made. In my view the break-up of the conference is no excuse for the federal government having failed to go ahead with the nation-wide program of health insurance.

Subsequent to these proposals, every time we have raised these matters we have had some sort of promise from the government to the effect that it was still its intention to bring in health insurance when it could. For example, during the debate on the minister's estimates in the session of 1947, as found in *Hansard* for June 20 of that year, some of of us raised the question as to why we were not making more progress with respect to health insurance. The minister said, as recorded at page 4423:

> I can only repeat that we are engaging the full time of at least six persons in the department with four additional persons who have other duties to perform. When we have the type of conference with the provinces which we envisage we shall be prepared at that conference to submit details in respect to the studies we have been making and

are making and to bring about at the earliest possible moment the realization of a health insurance scheme.

I point out that in those promises that have been repeated time and time again, reference has been made not just to the health grants about which the government boasts so much, but specific reference was made to a nation-wide program of health insurance as part of a nation-wide program of social insurance. Yet despite these repeated promises we still have no program of health insurance for the people of Canada.

Some members in this house will remember the day in May, 1948, when the late Mr. King, as prime minister, announced the health grants program. He told us then very clearly, and it has been stated to us since, that that program was to be the foundation of an over-all program of health insurance. We welcomed and applauded the announcement Mr. King made that day, even though we recognized that we were getting just twenty cents on the dollar so far as the 1945 proposals were concerned, as contained in the green book from which I quoted a few minutes ago.

I have in my hand a copy of the front page of a newspaper that is not unfriendly to the Liberal government, the Toronto *Daily Star* of May 15, 1948.

Mr. Riley: An independent newspaper.

Mr. Knowles: I missed that.

Mr. Riley: I said "an independent newspaper".

Mr. Fleming: Do you wish it were?

Mr. Knowles: I hear Liberals on the other side say they wished this paper did not support them quite as much as it does.

Mr. Riley: That was a Flemingism you heard.

Mr. Knowles: At any rate, this newspaper's attitude toward Mr. King's announcement of May, 1948 was characterized by this banner headline, "Can't Wait for Ontario—King" Another heading: "Delayed health plan as long as we could for Ontario—Mr. King". Another heading: "New plan gives every individual Canadian ticket to healthy life". As one reads the articles by Borden Spears and Robert Taylor on the front page of this newspaper it is clear that these correspondents for the Toronto *Daily Star* thought this announcement of Mr. King's really envisaged health insurance as just around the corner. In fact they even got a bit political about it in a story down in the lower left-hand corner which is headlined, "Plan seen '49 vote move; C.C.F., Tories embarrassed". This was a story which suggested that the purpose of Mr. King's announcement was to steal the platforms of other parties, and that this announcement that health insurance was just around the corner would do the trick in the 1949 election. Well, Mr. Chairman, maybe it did the trick in the election, but the people are beginning to think it was a trick because there is still no health insurance, despite the great ado that was made at that time over the health grants program.

I repeat that we welcomed that program with enthusiasm. We are delighted with what has been done under it, but it is just twenty per cent of what was promised in 1945, and there has been no implementation of the promise that we would have health insurance.

I move on to *Hansard* for June 20, 1950. This was another occasion when we were debating health insurance on the present minister's estimates. He gave us another of those assurances that we are going to get there some day. These were his words on June 20, 1950, as found at page 3906 of *Hansard* for that year:

> We are making most careful studies of this whole problem. We are waiting now for the results of the important surveys that are being conducted by every one of the provincial governments. The cost figures that will come out of those surveys are an integral part of anything that might be done. I want to assure my friend that we are making most serious studies. As he knows, we have brought into the department a number of individuals, one of whom has had previous experience in the matter of health insurance with one of the provinces. We are constantly encouraging, through that division and through our research division, a most careful study of this matter.

I am sure if I had not told the minister those were his words, he would have recognized them. They are the sort of words he has given us so often: The matter is being studied, or it is being given careful consideration.

Mr. Martin: Good thoughts expressed in elegant language.

Mr. Knowles: Yes, good thoughts expressed in elegant language, but still no health insurance; and that despite the fact that it has been a good thought expressed in elegant language ever since 1919. We are kept waiting for the election after the next. That seems to be the Liberal slogan: The election after the next we will win on health insurance. I can tell the government that some day the trick will be turned.

In the same year from which I have just quoted some of the minister's elegant words we had the tabling of the report of the special committee on old age security. I have already indicated that, despite the fact that its terms of reference were limited to old age security, we found it impossible in that committee to refrain from discussing

a number of other related questions. In fact we not only discussed them; we made reference to them in our report. For example, on pages 103 and 104 of that report we had a section entitled "Other Claims to Priority", and there are several paragraphs which speak of the fact that old age security has to be looked at in relation to the total problem of social security. One of the other problems which we said was most important was that of health insurance. For example, let me read paragraph 25 at page 104:

> Nor has the committee overlooked other social security programs which have been widely advocated such as health insurance, invalidity pensions, etc. These are not, of course, matters which come within the committee's terms of reference. Furthermore, the committee has not been able to obtain precise data which would enable it to assess accurately the magnitude of the cost of programs of this nature. It has been estimated, however, that the over-all cost of a comprehensive system of health insurance would probably be not less than $300 million annually, although it must be added that a large proportion of such an amount would represent not a new burden on the people of Canada, but merely a rechannelling of existing expenditures on various forms of health care.

I have read that paragraph and I referred to what went on in that committee to indicate that in the committee on old age security we gave thought to this question of health insurance and made references to it in our report, which was unanimous. I repeat what I said a moment ago, namely that I am sure most if not all of those who were on that committee thought it would not be long until we obtained a similar committee to go into this whole question of health insurance. Some of us kept asking for that committee, and finally on June 21, 1951, as recorded in *Hansard* at page 4462, the minister intervened in a debate which, under two or three headings, had been going on for three days in relation to this question of health insurance, and this is what he said:

> We will examine that problem,—

The reference is to health insurance.

> —and in the regular session of 1952 I hope that we may be able—and I think I may go further than that and say that we are giving consideration to the matter—to set up a parliamentary committee to examine this whole problem.

I recognize the fact that what the minister said there was in two parts. He did not say categorically, "We shall have the committee"; but he did say categorically, "I hope that we may be able to set up a parliamentary committee to examine this whole problem."

Mr. Martin: No; I did not say that.

Mr. Knowles: Just a minute. I read the whole of the sentence first; and then to make clear that the minister was saying two things, I left out in what I just said—but I intend to bring it in now—the part between the dashes; in other words, the part in parenthesis. The minister expressed his hope that we might have the committee. That was one statement. The other was in parenthesis when he said:

> —and I think I may go further than that and say that we are giving consideration to the matter—

Mr. Martin: In order that the matter will be correctly stated, may I say this. I know what my hon. friend's argument is going to be. That statement is clear. What I said there was that I hoped we would be able to give consideration to the setting up of a committee. The words are clear. We have given the matter consideration, and I have given the reasons it has not been set up. My hon. friend must not say the words mean something that I did not intend them to mean.

Mr. Knowles: Mr. Chairman, I have the floor. I do not want this to go further without getting on the record precisely what the minister said. He did not say that he hoped to give consideration to the matter. He said he hoped we would have the committee and in parenthesis he said that they would give consideration to the matter. Let me put the statement on the record again, direct from *Hansard*, in his own words, including the part that is there between the dashes:

> We will examine that problem, and in the regular session of 1952 I hope that we may be able—and I think I may go further than that and say that we are giving consideration to the matter—to set up a parliamentary committee to examine this whole problem.

Mr. Chairman, the country thought that was what was going to happen. Indeed, those of us who have been disappointed by many committees in the past dared to hope that the work of that committee would result in steps in the direction of health insurance, even as the committee on old age security resulted in positive steps in the direction of new old age pension legislation. Hon. members know that when we arrived back here this year, on Friday, February 29, 1952, as recorded at page 18 of *Hansard*, I asked this question of the minister:

> Will the special parliamentary committee on health insurance, which the minister on June 21 last said he hoped to set up at this session, be established at an early date?

The minister's reply was:

> My hon. friend did not give me the usual notice, and possibly on that account my answer will not be as complete as it otherwise would be.

There is an interjection of mine to the effect that he had had eight months to think about it, and then the minister said:

> I did say, as my hon. friend said in part, that the government would give consideration to the

setting up of such a committee. The hon. member did not use those words when he put his question to me. The government has given careful consideration to this matter and has come to the conclusion not to set up such a committee at this time.

Mr. Chairman, I regarded that statement—as I am sure many hon. members of the house did, including members on the government side—as one of the most disappointing replies we have had to questions on the orders of the day, for we had counted on that committee.

Mr. Blue: The hon. member is wound up tonight.

Mr. Knowles: Mr. Chairman, what is the situation at the present time? Support for health insurance is growing in many parts of this country. For example, everyone recalls the strong support it was given last fall all over this province of Ontario by the then leader of the provincial Liberal party, one Walter Thomson.

Mr. Blue: He was a good man.

Mr. Hees: A fine boy. He was the best friend we ever had.

The Chairman: Order.

Mr. Wylie: He was the best friend the Conservatives ever had.

Mr. Hees: I hope you can keep him going.

Mr. Wylie: Hear, hear.

Mr. Blue: The shades may come down on you too.

Mr. Knowles: Mr. Chairman, I hope you do not forget that I am the one who has the floor. We now have Mr. Lapalme, the Liberal leader in the province of Quebec, coming out with a Liberal program for that province. It was published in a striking advertisement in the Montreal *Gazette* of Tuesday, June 3, 1952, at page 21. He has eight points against Duplessis and eleven points for himself.

Mr. Fleming: It will not be enough for him to win.

Mr. Knowles: Point No. 7 for Mr. Lapalme, the Liberal leader, is health insurance. It is short, but there it is. So we have the Liberal party in Ontario and the Liberal party in the province of Quebec both committed to programs of health insurance.

In addition we have had a number of provincial health surveys tabled by the minister during the last few weeks. A number of them have gone the other way but two in particular—one from Saskatchewan and one from Alberta—have strongly recommended a nation-wide program of health insurance, with provision for provincial participation as fast as individual provinces wish to participate in such a plan. I strongly urge upon the government that consideration be given to just such a plan of operation, and that there be no further delay in going ahead with this matter.

As the minister knows, a number of questions about this subject have been placed on the order paper at this session, a number of them in my name and some in the names of other members. From the answers to those questions we have obtained a good deal of information. Some of the sessional papers were tabled just today; hence I have not had time to collate all the information contained in them, but that information is extremely interesting and significant. I find, for example, that a very large number of people are already covered to some extent under Blue Cross and provincial schemes, which makes it clear that it would not be breaking brand new ground, not launching into a field in which nothing is being done, to go into a nation-wide program of health insurance. It is simply a case of expanding upon something we now have, expanding upon a principle that has been proven to be worth while, and making it available to all Canadians regardless of their individual financial position.

It has now come to our knowledge that the minister's department apparently expected a committee, and has done a great deal of work upon it. I have on my desk two monographs from the research division of the Department of National Health and Welfare, one of which is entitled "Health Insurance in Sweden", social security series memorandum No. 10. The other is "Health Insurance in Denmark", social security memorandum No. 9, revised. On the back cover page of each of these memoranda I find a list of some 15 documents which have been prepared. They include social security legislation and old age legislation in various countries; and they also include health insurance legislation in those countries, plus surveys of physicians and dentists in Canada.

One of the points which interests me is that these booklets are prepared in precisely the same form as were the booklets prepared for our old age security committee by the same research division of the Department of National Health and Welfare. This suggests to me that the officials in the minister's department not only expected the committee, but are ready for a study of health insurance to be made by members of the House of Commons. In fact one of the sessional papers, No. 85A, tabled on Monday, April 7, 1952, in response to questions of mine, indicates that the Department of National Health and Welfare has considerable information on this whole question.

I also asked at that time this question: "Has there been consultation with the provinces

concerning a program of health insurance?" The answer to that was:

> Yes, at each meeting of the dominion council of health composed of the federal and provincial deputy ministers of health.

Thus the documents I have referred to, which have been prepared in the minister's department, and the answers in these various sessional papers on my desk all show quite clearly that the department has done a great deal of work on the question; and I commend the minister for that. There was a day when, on the item of health insurance studies, we criticized the minister strongly because he was not even using the money we were voting for this purpose. But now they are using it. They have done the studying. They have sent officials of the department to other countries. They know the story. They could call a committee together even now, before the end of this session, and lay a great deal of information and material before it which its members could study, and on the basis of which we could come to some conclusion.

I said a few moments ago that at least two of the provincial health survey reports have strongly recommended a nation-wide program of health insurance. For example, I hold in my hand a copy of the Saskatchewan health survey report, which was tabled by the minister not long ago. At pages 225 and 226 there are recommendations with respect to this question. It states:

> Now that the health grants and especially the grant for hospital construction have paved the way for a health insurance program, there is no longer cause for further delay in bringing the benefits of health insurance to the people of Canada. It is recommended that:
>
> The federal government should extend the scope of the national health grants program by adopting immediately a national health insurance program.
>
> In the interests of assuring uniform benefits for all Canadians, a national health insurance system should be established with administration decentralized to regions corresponding to the several provinces or delegated to official provincial health agencies.
>
> In the event it is decided that health insurance is to be organized and administered on a provincial rather than on a national level, the federal government should adopt immediately the provisions for a national health insurance program as contained in the proposals to the provinces in 1945. The federal government should establish basic standards to be met by the provinces as conditions for receiving the grants in order to provide at least minimum uniform benefits throughout all Canada, with reciprocity of benefits for insured persons moving from one province to another.

In connection with the suggestion made by the Saskatchewan health survey committee to the effect that if the federal government is not ready to launch a program immediately effective in the whole of Canada, at least they should launch the kind of program that would permit provincial participation, may I remind the government of the stand Mr. Mackenzie King took on April 15, 1926, in relation to old age pensions which is similar to the stand we are asking the government to take now. On that day Mr. King, as reported at pages 2501 and 2502 of *Hansard,* had been asked by the Conservative opposition to have the old age pension bill delayed. This was the reply of the then prime minister:

> The bill has been prepared with a view to avoiding delays and in order to enable any provincial government that may care to enact at once, with respect to old age pensions, legislation in conformity with the requirements of this measure to take advantage of the proposed scheme. If some provinces do not desire to pass such legislation, that determination will in no way affect the situation except in so far as they are concerned. But as a federal government we want to show our readiness at the earliest moment to assist any province as soon as it is prepared to enact legislation along the lines here laid down.

I am simply asking this Liberal government to take the same position with respect to health insurance that Mr. King took in 1926 with respect to old age pensions. His stand then was that if there was some province that did not wish to go ahead with old age pensions, that was not to be an excuse for denying old age pensions to people in provinces that were prepared to go ahead with it.

Today some of the provinces are ready to join with the federal government in the establishment of health insurance. I suggest the people of those provinces should not be asked to wait because some other provinces are not yet prepared. The time for action has come. A committee would not now be good enough; it is time for legislation. The time has come for the government to bring in a nation-wide program of health insurance. And in the light of the situation at the moment the most realistic and best scheme would be one that provides for provincial participation just as fast as individual provinces are prepared to participate.

I will let it go at that for the time being. The minister will hear more from some of us on this matter as time goes on, because we feel it is one of the most important questions before this country. We deplore the way in which politics has been played with this question since 1919. We deplore the continuing delay, the continuing refusal to deal with it. We would like to know what or who it is that stands in the way of action on this important question; and we urge the government to take action on it without delay.

Mr. McCann: May I ask the hon. member a question? In the light of the present budget and defence expenditures, how would he propose financing it?

Mr. Knowles: I hope the Minister of National Revenue heard the paragraph I read from the report of the committee on old age security, which pointed out that a program of health insurance would be largely a rechannelling of the money that Canadians, either out of their own pockets or in groups, are already spending on health. The figures tabled today by the Minister of National Health and Welfare in response to my question show that as Canadians we are now spending on hospitalization and doctors' bills some $400 million. A health insurance program would not cost much more, if any more, than that sum of money. A health insurance program would be a means of rechannelling on a more sensible basis the efforts and money we are now expending so it would be spread over the entire community and so all Canadians would have the benefit of health care whether or not as individuals they could afford it.

Mr. Fair: Mr. Chairman, I have no intention of going into a detailed survey of the health of the Canadian people, but I do want to say again that our people are the most important thing we have in this country. We should do everything possible to look after the health of our people, particularly in the way of research, as has been pointed out so well this afternoon and this evening. Research into cancer, tuberculosis and other diseases which are causing so many deaths each year should be carried on more extensively than is being done at the present time.

I want to renew my request to the minister to bring in legislation as soon as possible to take care of the physically incapacitated. Many of us who have the use of our limbs and senses find it difficult at times to make a living, and we should remember that those who are physically incapacitated find it most difficult to do so. Many of them are a heavy burden on their relatives and friends. I hope the minister will take cognizance of my request and, if not at this session, at least at the next session introduce legislation to provide pensions for these people.

Mr. Hees: Mr. Chairman, as the hon. member for Winnipeg North Centre has said, the Liberal party have had health insurance in their platform ever since 1919. As far as I can see, and as far as the people in my riding to whom I have talked can see, we are just about as close to having health insurance today as we were 33 years ago.

Ever since 1919 the people of Canada have been promised before each election that they would have health insurance as a reward for voting Liberal. As soon as each election was over, health insurance was wrapped up in mothballs and carefully put away until the next election.

As late as the recent by-elections we saw health insurance once again making its expected appearance. In the Toronto *Daily Star* of May 14 last we saw a large and handsome picture of the Minister of Citizenship and Immigration posing with the Liberal candidate in Ontario riding, under the banner headline: "Foresees Health Insurance".

As the hon. member for Winnipeg North Centre has said, judging by the results in the by-elections the people are getting wise to what used to be evergreen bait. Perhaps it is losing some of its allure because it did not seem to have its usual resiliency in the by-elections just over. It seems to me that whenever an election comes along the Liberal party look into the crystal ball. They see everything clearly, and there they see health insurance, no doubt about it. However, just as soon as the election is over, the crystal ball clouds up again, and health insurance fades into the distance.

Whenever the Minister of National Health and Welfare is asked when the government is going to bring in health insurance, he usually replies by alluding to the setting up of a committee to give the matter more study. I happened to be in Calgary last September when the minister was there, and though I did not see him personally, I read the report of his speech in the papers the next morning. According to the report, health insurance was going to be set up practically immediately. You could just see health insurance coming right along.

Mr. Martin: Has the hon. member my words there? I would like to hear them.

Mr. Hees: I have not, but they made an indelible impression upon my mind.

Mr. Knowles: They were the minister's usual elegant words.

Mr. Hees: The government has in its possession all the information it needs to make a decision on this matter, and present a plan to parliament. In fact it has all the information that would be presented to a committee if one were set up. If a committee were set up, everyone knows that with its large Liberal majority, it would simply be a rubber stamp for the minister, and a time-consuming device to fill in the time between now and the next election. Then when that time arrived, we all know that health insurance would once again be used as election bait. If by some colossal mischance the Liberal party were again returned to power, it is just as certain as we are sitting here that

health insurance would again be wrapped up in mothballs, and put away for another five years.

A question I want to ask, a question that the people I represent want to ask is this: Why is it necessary to carry on this prolonged double-dealing with the people of Canada on this vitally important matter? The people want health insurance, and the Canadian Medical Association is in favour of it, as evidenced by a statement of its president when speaking in Toronto on May 25 of last year. On that occasion the Canadian Press reported Dr. Gosse as follows:

> He told the Ontario Medical Association that he favoured co-operation between citizens, doctors and government in developing health plans. He said the Canadian Medical Association believes citizens should pay their own contributions if able to do so, with governments bearing the cost for persons unable to contribute.

When speaking in the house last year, I stated that in my opinion the plan in operation in Great Britain would be unsatisfactory for this country. I then went on to outline the plan which had proved to be so successful in Sweden for the past 25 years and which I believed would do an excellent job in this country.

Mr. Martin: My hon. friend has referred to the Swedish scheme, and in order to know exactly what his position is I should like to know whether he is in favour of the new act in Sweden or the situation that has existed there for the last 23 years. Could he tell me which of the two schemes he favours? It would help me a great deal because I would like to compare what he has just said with statements that have been made by other members of his party with regard to this problem.

Mr. Hees: I believe in the scheme which has been in successful operation for the last 25 years, with any modifications which may have been brought in as improvements on the plan. I have talked both to doctors and patients from Sweden and they tell me they believe it is a very successful plan from all points of view.

Mr. Martin: The hon. member is not in favour of the new act?

Mr. Hees: I am afraid I am not familiar with the new act. I am familiar with the plan which proved successful in that country for a period of 25 years. I think anything that is satisfactory for 25 years is a good plan. That does not say it cannot be improved. If it has been improved, then that is something again.

An hon. Member: What is that plan?

Mr. Hees: The plan I suggested would not interfere with the present doctor-patient relationship but would simply provide an easier method for people to pay their bills for the health services they receive.

An hon. Member: Louder.

Mr. Hees: It calls for the patient to pay 25 per cent of the doctor, dentist or hospital bill with the remaining 75 per cent to be paid out of a health insurance fund maintained by regular contributions by all those who are financially able to contribute. The 25 per cent which is paid by the patient—

Mr. Martin: It is just the other way around.

Mr. Hees: —removes the something for nothing aspect of the British plan, which has caused those who do not actually need treatment to flock to the doctors' offices in Great Britain. They have done so in such large numbers that the treatment they can receive is, of necessity, superficial. On the other hand, the 25 per cent which the patient pays is not so much as to impose a severe financial burden on the individual or on the family. It also ensures that the cost of the plan is kept to a minimum, because only those who actually need treatment apply for it. I ask the minister to say what he thinks of this plan or any modification of it. I am not an expert on health insurance. I am here to learn.

Mr. Martin: I will answer him right now.

Mr. Hees: I should like the minister to answer when I am finished, and I will not be very long. I should like him to say what he thinks of the plan.

Mr. Martin: I do not think very much of it, nor do very many people in Sweden.

Mr. Hees: I should like him to say what defects he thinks the plan possesses and how the plan can be improved. If he thinks this plan is of no use whatsoever, then I should like him to tell us what would be a better plan. That is what the people of Canada have been waiting to hear the minister and the government say for 33 years.

An hon. Member: What about the Tory government?

Mr. Hees: I think the answer is long overdue. The people of Canada have been waiting for a long time. I think it is about time the government told us what they have been thinking about for the past 33 years and what they think would be a good health insurance plan. Let them tell us about the health insurance plan they have been talking about before every election for the past 33 years, the health insurance plan they foresaw in the by-election campaign in the riding of Ontario and other ridings,

and in fact what is the plan about which they have been talking for a great many years.

Mr. Blue: Give us your plan, George.

Mr. Gillis: It is always a pleasure to discuss the estimates of the Minister of National Health and Welfare. I do not want him to interpret any remarks I make at this time as carping criticism. I think members of the house should keep most of the matters handled by the Department of National Health and Welfare out of the realm of politics. They are mostly humanitarian matters. There is lots of room for us to quarrel and be political on many other issues that come before the house. I know that as one member of the house I could not get up and criticize the minister personally for being uninterested. I have known him for a long time and, regardless of where he sits in the house, I think he is just as much interested as I am in any problem affecting the health of the people of Canada. He is moving slowly within the machinery with which he has to work. He is possibly going as fast as the many factors with which he has to contend will permit him. I would always give him credit for being sincere in going as far and as fast as he can within these limitations. I say that because I know the minister pretty well personally.

Mr. Martin: You are not a bad fellow yourself.

Mr. Hees: Do you fellows dance?

Mr. Gillis: I like to pat on the back people who deserve it, and I love to kick people in the teeth when I think they deserve it. I did not like the speech made by my young and gallant friend from Broadview a few moments ago. I did not like it because first of all he said he believed in a national health insurance program, although he did not say exactly what he meant by that—

Mr. Gibson: He was talking through his false teeth.

Mr. Gillis: —and in the next breath he condemned Britain where they have implemented a national health insurance program. The program in that country is only in the experimental stage and a national health insurance program, like many other social problems with which you have to deal in life, is something you cannot finalize overnight. You cannot measure it in terms of days or years. When you are dealing with the problems of humanity in their various aspects, and health insurance is one of them, you are dealing with things that will be matters of trial and error for a long time. It will take a considerable time before you reach the point where you will get unanimity among the doctors, hospitals and patients and co-operation in all the machinery that has been built up in that field over the last 150 years.

It is not as easy as my hon. friend thinks to uproot one system overnight and transplant something else that is going to be 100 per cent perfect within a period of a year or two. I think my hon. friend was ill-advised to recommend that the Canadian government do something that is being torn to pieces slowly but surely by the Conservatives in Great Britain, and then suggest that he favours national health insurance. He cannot have it both ways. I am interested in this subject and I think the Department of National Health and Welfare is interested. I am not saying that in order to pat anyone on the back. I like to be honest about these things.

Within the last year the Department of National Health and Welfare asked the different provinces to make surveys of their ability at this time to handle a national health insurance program, because under our constitution the field of health is a provincial responsibility. Such surveys were conducted. Only two provinces in Canada said they wanted a national health insurance program, and they were named by the hon. member for Winnipeg North Centre. They are the provinces of Alberta and Saskatchewan. I did not pay very much attention to the surveys made in the other provinces but I did read the report of the survey made in the province of Nova Scotia which was tabled a week or so ago. In the final summary of that report they recommend against the adoption of a national health insurance program at this time. Some 28 reasons are enumerated as to why a national health program could not be implemented now.

I do not agree with that report. I do not agree with the summing up; because if the report made by the province of Nova Scotia indicated anything it indicated the complete inability of that province to cope with their health problem with their present finances and within the constitutional limitations, inasmuch as health comes within provincial jurisdiction.

Health has been a problem for the provinces since confederation, since 1867. Since that time the provinces have worked on a solution for that problem and the report I read from Nova Scotia proved conclusively, to my mind, that they have accumulated disabilities such as inadequacy of hospitals, lack of trained personnel, and lack of research facilities. Those disabilities have accumulated since confederation under the management of the provinces and, instead of indicating that

a national health program is not advisable at this time, it proves conclusively that the provinces are not able to handle the problem. I believe the only solution is an over-all health insurance program by the federal government on a contributory basis with the country zoned so that proper facilities may be set up. The continuation of what we have today places most of the people in this country in the position of not being able to take advantage of the medical skills and hospital facilities which are available because the cost is prohibitive.

I think that instead of accepting these reports the federal government should take a good look at them and decide that the time has come when the federal government must step into the field and clean up the disabilities which have accumulated under provincial management since confederation. I do not know all the details of the reports, but I agree with the hon. member for Winnipeg North Centre when he says there is no reason now why two provinces, like Alberta and Saskatchewan who have done a good job and have to a large extent removed the difficulties that exist in some of the other provinces, as they are ready to take part in a national health program, should not be able to meet with the federal government to work out an agreement and establish a health program. In my opinion that would be setting a basis for other provinces to "come in when you can". If you started to work with the two provinces that are ready and arranged your financing that would be, in my opinion, a lead to other provinces in perhaps a year or so to also come in and work the thing out on a national basis.

I know that the provinces of Saskatchewan, Alberta, and British Columbia are trying to work the matter out on a provincial scale. I am sure anyone who has watched the development of the provincial health program in any of those provinces would come to the conclusion that there is no solution on a provincial scale. Saskatchewan has done a good job with limited finances. I think they have gone perhaps as far as they can go. They have done an excellent job, and have provided pretty full coverage from the standpoint of hospitalization. They have set up their regions as an experiment and have covered their people for both doctor and hospitalization. They receive the co-operation of the medical people in that area and there is complete coverage for many specialized services, which are not available in other parts of the country under the local health schemes.

I know that the cost of doctor and hospitalization, under the panel system that has been working in the part of the country I come from for a good many years, is just about five times as expensive annually as what they are doing in the province of Saskatchewan; and the plan I speak of has not nearly the coverage. I also know that hospitals in the area I speak of are getting into the position where they are continually stepping up the rates. They have more than doubled since 1939. Every time you pick up the paper the hospital board is going back to the subscribers asking for an increase in rates because the hospital is going in the hole and is being threatened with bankruptcy. In my opinion, instead of there being any improvement in the last ten years the services have been deteriorating and the costs have been mounting all the time.

Another thing is that every time you begin to talk about health insurance something else is born immediately. Personally I do not believe in the Blue Cross and all of these stopgap programs we have, because all they have succeeded in doing is preventing proper discussion and proper analysis of the whole problem of national health insurance. They are merely prolonging the agony.

The matter is a national one and it cannot be handled on any other than a national basis if it is to be financed and regulated properly. I have been convinced of that for a long time. I believe if this was done on a national scale and set up properly the cost per capita would be less than it is at the present time when we are trying to do it only in British Columbia, Alberta and Saskatchewan on a provincial basis. British Columbia has discovered that it is a pretty tough proposition, and perhaps one of the worst tangles they have on their hands in that province today is their provincial health program. I believe they got into a field they did not understand. They have not the finances, the personnel, or the facilities to handle the thing on a provincial scale. Alberta is doing fairly well, and Alberta and Saskatchewan are prepared to go ahead with a national plan.

When the minister is answering questions and criticism I would like him to comment on whether it is practical to do what was done with the old age pension originally; that is, to establish basic legislation so provinces which are in a position to come into this scheme may do so if and when they are ready. I think it is unfair, it is shortsighted, and it is bad organization for the federal government to take the position that two governments which are ready for something must stand out because seven or eight other provinces in the country are not ready.

There are just one or two other things by way of grievances which I would like to direct the minister's thoughts toward. One

is the matter of the old age security pension. When we took the means test out of old age security pensions we thought we had solved the situation. Like many cases, when you solve one problem you create three or four more. I am particularly concerned about the means test in two types of pensions. One is the blind pension.

The blind pension is paid because of disability. It is a separate act from the Old Age Security Act, but as soon as a blind person reaches age 70 he is immediately transferred from the blind pension to the old age security pension. In my opinion that is not right, and I do not think it would cost very much money to remove that very burdensome grievance.

My other point in connection with pensions to blind persons is that I believe the ceiling on permissible earnings is wrong. That ceiling is $600. I had thought it was always the policy of the department to encourage blind persons particularly to take some kind of occupation to interest themselves, instead of sitting around on pension brooding. Many of them are willing to occupy themselves, but they run into the problem of the ceiling on permissible earnings when they try to build up a little bit of a business. About all they can do is sell brooms or pencils, or operate a little canteen. Any time those earnings go over the $600 there is a deduction from the blind pension.

Those are the two complaints on the blind pension about which I should like the minister to do something. I believe it is wrong to pay the old age security pension and couple it with the blind pension, because the pensions are paid under two separate acts. The blind pension is paid for a disability, and when such a person reaches the age of 70 the disability is worse because there is infirmity along with it. If the person is lucky enough to be still alive at that stage, he is entitled to the old age security pension. I believe such a person should be paid the old age security pension without any reference to the few dollars he receives for his disability under the blind pension.

The next thing about which I wish to complain is coupled with the Pension Act. There is a type of pensioner, an old lady or an old gentleman who lost a son in the service who might have been the breadwinner at this time had he returned, who receives a pension of $40 a month. As soon as the pensioner reaches the age of 70 that dependent's pension is cut off by the Canadian pension commission. I realize that the means test is in the war veterans legislation, but I am just jogging the minister's memory about it. The Minister of National Health and Welfare and the Minister of Veterans Affairs are both members of the same cabinet. They should get together and remedy this situation. It is a rather sore spot, and I do not think very much money is involved. Either a blind person or an aged pensioner receiving that dependent's pension who reaches the age of 70 is not going to be here very much longer, and I think for the short period they are going to be around that means test should be removed. I am going to leave that thought with the minister. It is very difficult to make people understand why, after years of wrangling, the means test was removed from the old age pension and then have it immediately affect other pensions that had been in existence over a period of years.

I shall not take up more time, Mr. Chairman. I agree with what the member for Winnipeg North Centre had to say. He spoke at some considerable length and put all the facts and figures on the record. I believe he proved conclusively to the Minister of National Health and Welfare that the cost of an over-all health insurance program in this country today could be easily met out of the moneys that are already being spent in the field of health for hospitalization, doctors and so forth. There is another angle to this national health program which the hon. member for Broadview did not think about. While the health insurance program in Great Britain was on a contributory basis, it gave millions of people the right to a doctor and hospitalization which they had never had before because they could not afford it. Certainly in the experimental stages of the legislation mistakes were made. I never agreed with the idea of supplying wigs, false teeth, hearing aids and that sort of thing. I believe that was a premature step; but if the hon. member had stopped to think for a moment he would have realized that millions of people in Britain were provided with dental care who had never before had an opportunity to visit the dentist. There was a run on that sort of thing, and why would there not be? Those administering the health program were placed in a position where the results of fifty years of neglect in this field had to be cleaned up. Thousands and thousands of people made a run on this service because of those years of neglect. Perhaps such a run would last for three or four years, but after that condition was cleaned up the expenditures for this program would have been whittled down a great deal. Ultimately the program would have systematized itself.

I believe Mr. Churchill is doing the people of Britain a disservice by knocking off a lot of these health benefits. I believe he will re-create conditions which the Labour party was well on the way to cleaning up had they retained office long enough, or had the present

government been wise enough to retain those benefits. While it may have appeared as though a considerable amount of money was being spent on the program, at the same time millions of pounds a year were being saved in other directions. How many of us stop to think about the tax we are paying at our door from week to week? Hardly a day goes by but what someone at the door is looking for a donation to the cancer fund, the Red Cross, the institute for the blind or the community chest. If you added up all the money you gave away at your door for health programs, which in my opinion is expended in a misdirected way, it would go a long way toward providing for health insurance. I believe a health program should be established in this country on the same basis as old age security, with a certain percentage of the taxes collected for that specific purpose. Then there would be no need for all this haphazard method of collecting money for health purposes. In my opinion money enough is provided to carry on research and set up clinics all across the country at which people could get proper examination and be directed to the proper treatment.

Mr. Chairman, that is all I have to say on the subject. I believe hon. members, regardless of where they are sitting, will realize that this question is not a political one so far as I am concerned. National defence is not a political question either. Whether or not my friends to the right think that I am justified in giving the minister a pat on the back, I believe any member who is honest will realize that since the establishment of that department under his direction we have taken many long steps forward in the field of social security in comparison to what we had at the time the department was formed. So far as I am concerned I am prepared to give credit where credit is due. I am not prepared at any time to play politics with the health of the people of this country. I believe that is the position of every member. I am willing to kick the government around when it is necessary, but on this question I am willing to co-operate in any way I can in order to find a solution to this problem. Any time a member is in his riding, one of the most difficult problems facing him from day to day is the plea of the aged, or of crippled children, and the attempt to find some way by which hospitalization or treatment can be provided. I do not think that is good enough. I am prepared to support the government in anything they may o toward getting in this country a national health program on a contributory basis and keeping it out of the realm of politics.

Mr. Byrne: Mr. Chairman, I had not anticipated taking part in this debate at this stage. However, as usual, I have listened to the hon. member for Cape Breton South with rapt attention. I would not go so far as to say that he has upon me the same effect the Minister of National Health and Welfare has upon the hon. member for Broadview. However, I listened to him carefully and agreed with many of the things he has said.

Mr. Murray (Cariboo): He is a miner, like yourself.

Mr. Byrne: That would not necessarily mean I would agree to everything he has said. While speaking of the western provinces and their health programs, he indicated that the plan in British Columbia was not meeting with the general favour of the people.

Mr. Wylie: Was that not right?

Mr. Byrne: While I was at home during Easter I had the pleasure of attending a convention of the Liberal party, at which time they reaffirmed their desire to keep the hospital plan as it exists. They feel that it is giving the finest possible coverage, and compares favourably with anything that is in existence today.

Mr. Wylie: It is the biggest headache they ever had.

Mr. Byrne: It is more comprehensive in its scope than any program that has been instituted in any other province of Canada. It is granted that there has been some criticism of the plan. However, that criticism has been mainly with regard to its cost.

Mr. Gillis: That is exactly what I said, that there were financial difficulties.

Mr. Byrne: I am glad to hear the hon. member say that financial difficulties were the basis of the criticism. Financial difficulties under present costs are something we all share these days. Naturally a plan as comprehensive as the one in existence in British Columbia would be costly. While difficulty arises with regard to the financing, it arises because there is on the part of the individual the desire to avoid paying the cost. However, I am sure the plan is working out to the best interests of all.

I propose to read a statement made by a member of the legislative assembly who was a member of a committee set up to study the hospitalization plan in British Columbia and compare it with various other plans in order to determine how the plan could be improved. This M.L.A. made a considerable study of the matter. I believe that committee was in existence for some four or five months and that it made an exhaustive study.

The hon. member for Cape Breton South indicated that the plan in British Columbia

was not as good as that in effect in the province of Alberta. The one in effect in Alberta, as far as the province is concerned, is not having a great deal of financial difficulty. The reason is that they are not giving the coverage. To substantiate that statement I will read what Mr. Hendricks said:

—dealing with the BCHIS—

That is the British Columbia hospital insurance scheme.

—and re statements by Social Crediters re their $1 a day rate, Mr. Hendricks stated that his audience could readily verify this statement—the dollar a day rate does not provide more than "bed care, person care and meals." Medicine, doctor, surgery, X-ray, etc.,—

That is provided within the hospital.

—are extras, even for a patient in his own municipality—unless the municipality pays for it.

I know the $1 a day rate is paid by the individual, but those in the municipality are taxed to pay the difference; they pay on their property. The property taxes make up the difference. Of course the amount will not be as great, because they do not give the coverage. To continue:

Also, if the patient is taken to a hospital in Alberta other than his own municipality, he is not eligible for the $1 a day rate. The speaker likened the Alberta hospital insurance benefits to a coal-oil lantern compared with 100 candle-power electric light representing the much belaboured B.C. hospital insurance system, even as it stands today.

Mr. Wylie: I would not pay too much attention to that statement. The hon. member knows it is wrong.

Mr. Byrne: I have sat here in the house now for some four months this session and have listened to statements from members of the party represented by the hon. member for Medicine Hat; and to give credence to 10 per cent of the statements they have been making would require one to stretch his imagination greatly.

Mr. Wylie: I am afraid the hon. member's percentage is dropping.

Mr. Byrne: I have in my hand a facsimile of a receipt obtained by a constituent of mine recently, where the hospital insurance had been paid; it was a receipt from BCHIS to this patient. It only came to my attention because there were some difficulties with respect to the family allowance; but these of course have now been straightened out. This is a receipt for $1,130, representing some 120 days in hospital. That is complete coverage for everything this patient required. I have seen receipts for amounts as high as $5,000 which have been paid by BCHIS. To say that British Columbia is not ready to go ahead with any comprehensive plan for hospital insurance would be to say something which is contrary to the fact.

Mr. Wylie: May I ask the hon. member a question before he leaves this subject? Will he tell the committee—

The Deputy Chairman: The hon. member for Eglinton.

An hon. Member: Let him ask his question.

Mr. Fleming: Mr. Chairman, I thought the hon. member for Medicine Hat had a question to ask of the hon. member for Kootenay East.

Mr. Wylie: I just wanted to ask the hon. member for Kootenay East a question before he leaves this matter. Can he tell the committee the percentage of citizens of British Columbia who have paid for their hospitalization, and those who have not?

Mr. Byrne: As I have already indicated, Mr. Chairman, I was only drawn into this debate by something that was said by the hon. member for Cape Breton South. However, let me assure the hon. member for Medicine Hat that the BCHIS collections have been made from approximately 97 per cent of those who are covered by insurance. Those who have not paid are in all probability those who, in some way or another, have been unable to pay. Our social welfare program looks after that matter very well.

Mr. Gibson: They were not paying in "funny money" either.

Mr. Wylie: The hon. member has plenty of funny money, so he need not talk.

The Deputy Chairman: Order.

Mr. Fleming: Mr. Chairman, in dealing with the estimates of the Department of National Health and Welfare I consider we are dealing with estimates which are as important as any we will find anywhere in this volume of estimates.

In looking over the figures for the current year one sees, using round figures only, that this year there will be spent through the department $734 million, which is the highest figure in the department's history. This compares with $479 million last year, or an increase over last year of $255 million. Practically all this sum is accounted for by increased payments on the welfare side of the department. New old age security payments will amount to $322 million; the federal government's half-share of old age assistance payments for those between 65 and 69 years will amount to $20 million, and the blind persons allowance will total $3 million, making a total of $345 million as compared

with expenditures last year of $110 million for the old age pension then in effect. So on account of these payments for old age security, old age assistance and blind persons allowances there is an increase of $235 million in 1952 as compared with similar payments in 1951. Payments on account of family allowances are increased from $320 million to $332 million, due of course to increase in population. The remaining increase of $8 million is scattered through many items of the department. There are no significant increases this year in other items.

I am sure it does not require to be said again, because it is the view of all members in the house, that health is an asset. It is an asset not only to the individual who is fortunate enough to possess it, but it is an asset to the nation. Equally, ill health is a loss not only to the individual but to the nation as well.

On the welfare side of the work of this department, welfare payments are supported by all parties represented in the house, and I share the view expressed by the hon. member for Cape Breton South that these subjects are too important and mean too much to the people of this country to be made a matter of mere partisan exploitation.

An hon. Member: Listen to that.

Mr. Fleming: If you wish to get me started on that, I will have a good deal to say about it.

Mr. Gillis: You are doing all right as you are.

Mr. Fleming: There are so many good ways of using money in connection with national health and national welfare that it seems to me we must be vigilant at all times as members of the House of Commons to assure ourselves that we are devoting to the very best possible use the money made available by parliament for expenditures on national health and national welfare.

There are so many things to be done that we are far from having reached the ultimate goals in either of these important fields. A number of the things lacking were mentioned this afternoon and this evening by my colleague the hon. member for Lanark in his very able speech. There is the field of preventive medicine, the need for research; and to this I would add the need in this country for a very great increase in hospital accommodation. There is still in all parts of Canada a very serious shortage of needed hospital accommodation. We cannot be content to rest, in view of the statistics available to us as to the national loss wrought by the scourge of disease.

From the daily bulletin of the dominion bureau of statistics of October 19 last I read this, concerning tuberculosis in Canada:

> There was a slight increase in the number of tuberculous patients admitted to sanatoria and other hospitals which had facilities for their care and treatment in 1949, as compared with the preceding year . . . The total number of admissions during the year was 16,492 as compared with 16,326 in the preceding year. In 1949, 15,487 or 93·9 per cent of admissions were tuberculous as compared with 15,278 or 93·6 per cent in 1948. New cases admitted to sanatoria in 1949 numbered 9,340 as compared with 9,541, readmissions, reviews and transfers accounting for the remainder.

Then for the year 1950, from preliminary figures supplied by the dominion bureau of statistics, and which are to be found in the bulletin of the Canadian Tuberculosis Association for September and October last, we read that the rate of deaths per 100,000 from tuberculosis in 1950 for all of Canada was 25·9, and the provincial rates varied all the way from 13 in Ontario, which has the best record, to 68·5 in Newfoundland, a very startling figure.

Then there is the scourge of mental illness. In the dominion bureau of statistics daily bulletin of March 10 last one reads this:

> Both the number of admissions to Canadian mental institutions and the admission rates per 100,000 of the general population increased in 1949 and 1950 over the preceding year, while discharges also rose in number and rate per thousand patients, and deaths decreased in relation to number of patients, according to a preliminary report on mental institutions covering the years 1948 to 1950 released by the bureau.
>
> The total number of admissions for all Canada increased from 14,184 in 1948 to 15,476 in 1949 and 16,377 in 1950, the rate per 100,000 of the estimated population rising successively from 110 to 114 and 118. Discharges in the three years numbered 9,952, 11,303, and 11,714, respectively, the rate per 1,000 patients moving upward from 144 in 1948 to 158 the following year and 159 in 1950.

Those figures as to admissions to mental institutions would unquestionably have increased if there were more accommodation available for patients in that category.

Then, too, it must be with a measure of disappointment, which all of us will share, that one reads reports like the one I find in the *Globe and Mail* of February 5, which reads:

> Any suggestion that young people of today have better teeth than their parents would appear to be contradicted by the dental records of recruits now joining the Canadian Army.
>
> Most of these recruits are in their twenties or late teens but nine out of ten of them need dental treatment of some kind, according to dental officers at defence headquarters here. The dental officers have been appalled at the general oral condition of the young men who have been enlisting since the start of the Korean war in the summer of 1950.

Then follows an extensive review of statistics on this subject. All Canadians are thankful for the progress that has been made

in combating the scourge of disease in Canada. But let no one think we have made such progress that we can afford, with smugness or self-satisfaction, to sit back and rest upon our oars. There is much work yet to be done in these two fields of vital importance, national health and national welfare. And it is because of the importance of these fields, and because there are so many ways in which assistance can be used to advantage, that it seems to me our duty is very high to continue at all times to use every means to improve governmental services, and to obtain always better value for the taxpayers' dollar.

That fact is impressed upon us all the more when we realize that the formula put forward by the Minister of Finance last October, the 2-2-2 formula, is not going to meet the cost of the new welfare payments. According to the Minister of Finance there is going to be in 1952 a deficit of $58 million on account of the new old age security and old age assistance payments.

Having regard to the factors I have mentioned I think we must search diligently in order to satisfy ourselves that the available funds for health and welfare are put to the best possible use. It was with not a little disappointment that in reviewing the figures of the details of this department I find that those two old items, travelling expenses and publicity, which have claimed so much of the money of the taxpayers in the past, seem to be still holding out their hands for more.

Travelling expenses this year for this department will total $1,023,700. I think in fairness there should be deducted from that at least a substantial part of the $300,000 item 271 earmarked for the transportation of patients and the travelling expenses of other than the staff. To the extent to which that sum provides for the transportation of patients and those travelling with them I am sure there will be no comment of disapproval. But even deducting all of that item we find that the total for travelling expenses for this department is $723,700.

Then there is the old and familiar item bearing the euphonious title of "educational and informational publications". I remember that item when it appeared under the simple title of "publicity". That did not appear to be a very popular title, particularly when it was found to cover some silly expenditures, and in later years it was given the more respectable title of "educational and informational publicity". Further respectability is now given to it by providing two new names. The first is "educational and informational publications" and the other "educational and informational materials other than publications".

Whatever the appropriate name may be, the fact is that expenditures on that account in this department are going to total $707,920 this year. The two items of travelling expenses and publicity will require an expenditure this year in this one department of just about $1·5 million, apart from the item of $300,000 to which I made sympathetic reference.

Is an expenditure of those proportions necessary for the purposes of travelling and publicity? When we look at all the useful ways in which expenditures can be made to contribute directly to the improvement of the health of the nation it seems to me that to expend sums of those proportions upon travelling and—

Mr. Martin: Will my hon. friend permit a question? When he was giving the information figure he may have noted that it includes a civil defence item. Apparently he has failed to note that there is actually a decrease in the item for information in connection with the normal activities of the department of health and welfare. I am sure he would want to make that very clear before the opposite impression got out.

Mr. Fleming: I am aware that on account of civil defence there are two items, one for educational and informational publications and the other for educational and informational materials other than publications, the amount being $108,500 in the former case and $204,500 in the latter. Taking account of those factors I am still submitting that too much money is being spent by this department upon travelling expenses and publicity, especially when we consider what the need is in this field of health and how the money could more usefully be spent in other ways.

As all of us who have reviewed government accounts well know, travelling is most expensive. If we had an adequate method of scrutinizing estimates in a select committee instead of this awkward and clumsy procedure in committee of supply, a committee of the whole house, there would be an opportunity of really sifting through these numerous items of travelling expenses and seeing just how much was really necessary and how much could be dispensed with without any effective loss in the administration of the particular department.

Not only do I think too much money is being spent on travelling and on publicity; I think some of the expenditures are unquestionably extravagant and wasteful in nature. Surely if money is going to be spent on

publicity we want to see some return in useful instruction for our money. Let me consider some of the publicity issued by this department. Here is one rather colourful booklet entitled "Good Habits for Good Teeth". It shows a totem pole and an illustration of four little Indians polishing the teeth of the face on the totem pole. It contains six verses and is illustrated in various colourful ways, some of them amusing but none of them very dignified or I suggest very necessary. This piece of publicity like all the others bears the inscription, "Department of National Health and Welfare by authority of the minister Hon. Paul Martin."

An hon. Member: Read it.

Mr. Martin: Read the whole thing; it is very useful. I may tell the hon. member that the department of health in Ontario has ordered many copies of that.

Mr. Fleming: May I tell the minister that many taxpayers in Canada can think of more useful ways of spending money than on that and some of the other issues that are coming out over his name and whose principal purpose apparently is to publicize the name of the minister.

Here is another one entitled "Industrial Health Bulletin." The February, 1951 issue contains a reproduction, extending over two pages, of an article on the subject of success in management. It goes on to enumerate eleven qualities which a successful executive will find useful. What on earth has that to do with national health? The minister is telling the people how they may become useful executives if they have:

1. Achievement desires.
2. The idea of authority.
3. Strong mobility drive.
4. Organizational ability.
5. Decisiveness.
6. Firmness of conviction.
7. Activity and aggression.
8. The need to overcome a sense of frustration.
9. Realism.
10. Relations with others.
11. Attitude toward parents.

What on earth has all this to do with health?

Mr. Martin: The Ontario department of health has ordered many copies.

Mr. Fleming: I come to a later issue of the same industrial health bulletin. This time it is the issue of March, 1952. It bears the caption, "Pictorial Presentation". The whole issue this time consists of twelve cartoons which have been selected out of previous issues. In my submission there is nothing here that has anything to do with health, or with industrial health in particular. It is just a series of cartoons. They may be very amusing, but I do not think they are very amusing to the taxpayers who have to pay for them.

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

Mr. Fleming: Yes.

Mr. Cannon: Have you ever heard the old saying, *mens sana in corpore sano?*

Mr. Fleming: Yes.

Mr. Cannon: The purpose of the publication is to improve the minds and mental health of the people, and then bodily health will follow.

Mr. Fleming: What a wonderful explanation! I am sure we listened with most rapt attention to that extraordinary justification, that apologia we heard from the hon. member for Iles-de-la-Madeleine. Look at what he calls that which contributes to a healthy mind.

Mr. Martin: May I ask my hon. friend a question?

Mr. Fleming: Here is one cartoon which shows a machine and the operator. It is a very big machine with a little wee operator beside it. The hon. member thinks such a cartoon will contribute to a healthy mind.

Mr. Martin: I should like to ask my hon. friend a question.

Mr. Fleming: Then there is another cartoon with the note under it, "No caption was considered necessary for this illustration on employee relations". It shows—

Mr. Martin: I should like to ask the hon. member a question.

Mr. Fleming: Who has the floor?

The Chairman: Order.

Mr. Martin: My hon. friend asked me—

Mr. Fleming: Who has the floor?

The Chairman: Order.

Mr. Martin: My hon. friend asked me a question.

The Chairman: Order. The minister would like to ask a question of the hon. member but he cannot ask it unless the hon. member consents.

Mr. Fleming: If it is only a question the minister wants to ask me I will certainly be glad to answer it, but I do not want him smuggling a speech into the middle of my remarks.

Mr. Martin: The hon. member knows I would not do that. I understand my hon. friend has to leave tonight.

Mr. Fleming: No.

Mr. Martin: If my hon. friend were going to have to leave I was going to point out to him that no publication from this department goes out without a request coming first of all from one of the provincial departments of health in our ten provinces.

Mr. Fleming: Mr. Chairman, there you have the minister's idea of what a question is. Where in that effusion from the minister do you find a question? I suggest that the hon. member for Iles-de-la-Madeleine ought to contribute some of his advice to the minister about a healthy mind. He might at least give the minister some instruction pertaining to a healthy mind on what a question is.

Again dealing with this particular publication which the hon. member for Iles-de-la-Madeleine thinks contributes so much to the healthy mind, here we have another cartoon in which an executive apparently is lifting a hangman's rope out of a suggestion box in the office, and we read that no caption was considered necessary for this illustration on employee relations. Then again there is a third cartoon with the caption: "Floor levels may be raised to compensate for the shorter height of women employees". We have an illustration of a movable part of the floor being lifted for the benefit of the female employee so she is at a proper height alongside her lathe.

The fourth cartoon is entitled, "Conference, do not disturb". It pictures five cavemen gathered around a table. One of them apparently has just been knocked out by a second one who holds a big club and the other three are holding their hands up. Has this anything to do with the nation's health, Mr. Chairman?

Mr. Knowles: It sounds like a Liberal caucus.

Mr. Fleming: So it goes. Here is another with a pretty nurse holding a workman's hand and it is called, "The nurse and the pulse of industry".

Mr. Hees: Oh, Paul, you can do better than that.

Mr. Fleming: Here we have another cartoon depicting a workshop with many workmen standing around watching and another who has a red paint pot in his hand is running for dear life with a bull after him. Is this a contribution to education in the view of the minister and the hon. member for Iles-de-la-Madeleine? Under the cartoon is the following:

This sketch, on colour in the plant, was entitled, "This always happens when he uses the red paint."

The taxpayers of Canada are paying to have that printed and circulated throughout Canada. Here is another one depicting a workman with a light finding another workman sitting in darkness with various machine parts scattered about, and we read this caption.

Illustrating an article on plant lighting conditions, this item was captioned: "Has anybody seen my lathe?"

Here is another showing the wreckage of an industrial plant and underneath it are these words:

The article was on industrial laboratories. The caption: "Our tests indicate a high explosive content in the sample."

Mr. Martin: Don't you think that is pretty valuable?

Mr. Fleming: I cannot see that it is valuable unless your mind is in such a condition that you think a statement, albeit a very extraordinary one, is a question, or unless you have the view of the hon. member for Iles-de-la-Madeleine that these cartoons have the effect of creating a healthy mind. I can think of many better ways to expend the taxpayers' money in contributing to mental health than putting out cartoons of this kind. Mind you, I suppose everybody likes to see cartoons, but why at the expense of the taxpayers?

Mr. Martin: You do not think they should do that?

Mr. Fleming: I do not think you have any business wasting other people's money putting out things like that.

Mr. Martin: Then you disagree with the Canadian Congress of Labour.

Mr. Fleming: I disagree with the minister or anybody else who says that particular issue, or issues of that kind, contribute anything to a healthy mind or a healthy body.

I note too that in the issue of the industrial health bulletin for February, 1951 the illustration of the successful executive who had those eleven useful attributes shows the executive holding a telephone receiver upside down because the cord is attached to that portion of the piece which is closest to his ear. Apparently he was talking into the receiving end of the set and listening through the speaking end.

Mr. Martin: He is not the only one.

Mr. Fleming: That represents the idea of the minister and the hon. member for Iles-de-la-Madeleine of what contributes to a healthy mind.

Mr. Martin: He is not the only one who is speaking through the wrong end.

Mr. Fleming: I am sure the minister likes company when he does not know the difference between a question and a statement, albeit a foolish one.

There is something that is common to all these publications. You know what it is, Mr. Chairman. You know well what it is, because they all bear the same so vital, so important inscription. Take the little booklet showing the Indians brushing the teeth on the totem pole. On it I read the following:

Department of National Health and Welfare by authority of the minister Hon. Paul Martin.

The last three words are in extra firm, clear and heavy type, "Hon. Paul Martin".

Some hon. Members: Hear, hear.

Mr. Hees: The workers' friend.

Mr. Fleming: You see, Mr. Chairman, the cheering section behind the minister is quite happy to see the money of the taxpayers of this country squandered on giving personal publicity to the Minister of National Health and Welfare.

You know quite well, Mr. Chairman, the kind of inscription that appears on these industrial health bulletins to which I have made reference. It does not matter what other things are in them or left out of them as long as this very important statement is included, namely:

Published monthly for the industrial health division of the Department of National Health and Welfare, Ottawa, under the authority of the minister, the Hon. Paul Martin.

Some hon. Members: Hear, hear.

Mr. Fleming: It does not matter what foolish squandering of the taxpayers' money the contents of the balance of the publication may represent as long as those essential words appear and are scattered throughout the length and breadth of Canada in all ten provinces. Of course one can say the more the better, according to the ideas prevailing on the other side of the house, as long as they contain these essential words, "The Hon. Paul Martin".

Some hon. Members: Hear, hear.

Mr. Fleming: That is what counts, Mr. Chairman, as you well know.

Now we know, of course, what the minister says every time people take issue with this silly squandering and improvident waste of the taxpayers' money. The minister gets up and, with his favorite lamentation, points to issues like "mother and child", and he just wracks our hearts as he pictures what is going to happen to the health of this nation if you cut out any of his precious publicity. The health of the nation is going to fall to pieces overnight unless he has his publicity going out.

[Mr. Martin.]

Mr. Chairman, I think the minister has tried to scare the house often enough. Perhaps we have come to the point where the boy sent to watch the flock has cried, "Wolf! Wolf!" often enough, and perhaps the house is not going to be quite so ready to be frightened this time if somebody tries to apply a little common sense and a sense of responsibility to wasteful expenditures of this kind.

Now, Mr. Chairman, I wish to touch for a moment on another subject of very considerable importance. This subject from time to time confronted the special committee which studied the subject of old age security at the 1950 session of this house. It was the problem of the disabled person. We were told the following year that a study was to be conducted, and I am hoping the minister will be able to make a report on this subject which will indicate that we are coming closer to dealing with this problem. I am referring to those persons who are totally and permanently disabled.

The house knows that at the recent session of the Ontario legislature an important step was taken in meeting this problem when provision was made for the payment of a monthly pension of $40 to persons in the province who are permanently and totally disabled and who are between 18 and 64 years of age. I suggest to the minister that there is a lead which can be commended in the recognition of the existence of a problem which has as much claim to consideration as other problems which have been dealt with. The house gave unanimous support to the legislation of a year ago dealing with the payment of pensions to the blind, as it had given strong support, unanimous support, to the previous provision that had been made for blind persons. Blindness is a particular form of disability. Mr. Chairman, by what logic do we differentiate between those on the one hand who are afflicted by blindness and those on the other hand who suffer permanent and total disability for other reasons? I submit there can be no distinction in logic in our approach to this problem.

Mr. Pouliot: If the hon. gentleman permits? If I could not see you, I would be very unhappy.

Mr. Fleming: I thank the hon. gentleman for his very kind and generous comment. I can assure him it always gives me pleasure to look across to the other side of the house at him and, no matter what may be said for the rest of the scenery, as long as I can see him I feel happy.

Mr. Pouliot: I will be your ghost writer.

Mr. Fleming: Mr. Chairman, the problem of providing for the total and permanently

disabled is one that is necessarily linked with the problem of rehabilitation. Here is a field in which much remains to be done. I am not suggesting that there has been in this respect a retardation of effort on the part of this department, because it is a field in which steps have to be taken in association with the province. I well recall the statement made by Dr. Davidson, in the committee on old age security two years ago, that a grant that had been made available for rehabilitation of the blind had not been fully taken up. However, Mr. Chairman, I have read with interest a statement attributed to the Minister of Labour at Montreal on March 6. A Canadian Press dispatch of that date reads:

> More than 100,000 Canadians, men and women of working age, who suffer from physical disabilities that prevent them at present from earning their own living, can be rehabilitated to the social and economic advantage of Canada, Labour Minister Gregg told the Montreal Kiwanis club today.
>
> In conjunction with the provinces and various voluntary agencies, the federal government has in mind giving effect to such a program, he said.
>
> The program, he declared, must include medical treatment, therapy, convalescence, vocational guidance and training. All this will be directed toward eventually placing the rehabilitated person in a suitable job in industry.

That is a field in which much useful work remains to be done and, it seems to me, a very challenging field with which we are confronted in this house, in relation to the problem of making provision for the needs of those who are socially and permanently disabled and without means of support.

Finally, Mr. Chairman, I mention just briefly a subject that I have been harping on for many years in this house. In returning to it I feel I need make no apology. I feel there ought to be a select standing committee of this house charged with the responsibility, and I may say, given the opportunity of studying matters pertaining to the health and welfare of this nation.

Mr. Hees: Is the minister going to answer some questions now?

Mr. Martin: I want to thank the hon. members who have taken part in the debate thus far, including the hon. member for Temiscouata who asked me a very important question which I will deal with on the appropriate item, for the level of this debate. I would be lacking in gratitude particularly to the hon. member for Cape Breton South if I did not say at once how much I appreciated his encouraging words about the work we are trying to do in this department.

I do not propose to deal at this hour with all the questions brought up, because I will deal with a lot of them seriatim as we come to the various items.

I shall deal first of all with the remarks of the hon. gentleman who has just taken his seat. He referred to the travelling expenses of this department. He referred to them as though they were excessive. I want to say that you cannot run the Department of National Health and Welfare as it should be run without incurring travelling expenses. Remember that our job is one of co-ordination with the provincial departments of health. Our food and drug inspectors carry on a tremendously important job and they are in continuous travel, as they should be. Our officials in the operation of the national health plan, with all of its divisions, are constantly being called upon by the provinces for consultation which involves travel. I am not saying there does not have to be a most careful scrutiny of these expenditures—there has to be—and I assure my hon. friend that there is such scrutiny. What he has failed to point out is that there was actually a decrease in the travelling expenses of the entire department, outside of civil defence.

Mr. Fleming: Is that a decrease in the estimate or in comparison with the actual expenditures last year?

Mr. Martin: In staff. That does not include civil defence, which has been added to this department. That is the statement he should have made instead of letting it go out to the country that this department was profligate. Let my hon. friend show me one instance, instead of making carte blanche remarks which give a wrong impression. I shall take the responsibility as minister for this department. It cannot be run on any other basis. If the hon. member will show me where there has been improper travelling I shall be the first to correct it and I would thank him for it.

Then with regard to information, the hon. member did not point out that our total budget, apart from civil defence, is $72,000 less this year than it was last year. This is not due to the fact that we have cut out important services, but because projected films that had been ordered were not ready for production, for one reason or another. I would say to the hon. member that I would have thought he would be the last man in this house who would criticize this particular aspect of the department's work. He knows, just as the hon. member for Iles-de-la-Madeleine pointed out to him, and as the hon. member for Winnipeg North Centre insisted last year in dealing with this point when replying to the hon. member for Eglinton, one of the essential jobs of this department is sending out this kind of information. The department would not be doing its job if it did not make films, and if it did not have

pamphlets. I must say that the hon. member was in good form, and I enjoyed his speech. It was just like reading the comic strips which I read every night, and I enjoyed it. It was good fun, but it was not good war.

Every one of the publications to which the hon. member referred, I shall admit, may be a little out of place in the hands of a mature and highly intellectual man like the hon. member. Even I, with my lower intellectual qualities than the hon. member, have had difficulty sometimes in appreciating them. However, there are not many people in the world as mature as he and I, so there have to be ways and means devised of imparting information to those various groups in our population.

Mr. Knowles: There have to be some things to be thankful for.

Mr. Martin: Seriously, before any publication in our department is approved by the minister it is first of all gone over with a committee representing the ten provincial departments of health. They aid in distributing the information, and also frequently pass on the form of the material. Apart from the expenditure, they are parties to the projects as I have indicated.

Now then, with reference to the industrial health bulletin to which the hon. member referred, that was one which received the backing of the three large congresses of labour in this country. The hon. member may have his view, but it will be very interesting for those labour organizations to know the view he has taken of the value of this information.

Mr. Fleming: The value of your cartoons.

Mr. Martin: I know what really troubled the hon. member. It was not the value of the information. He and I are old classmates. We have been together many years, and I know him just as well as he knows me. It is just like the old days in college, and Donald does not like to see Paul's name ahead of his. Unfortunately for the hon. gentleman, Mr. Chairman, Paul is the minister, and as long as he is the minister he must accept the responsibility, as he does. If he accepts the responsibility, he has to have his name on the pamphlets, as is the case with every member of any responsible government in this country. If perchance the hon. member should ever become a minister—I do not think there is immediately a great possibility—he will have to subject himself to the inconvenience and embarrassment that attends the use of his name.

Mr. Hees: How you hate it!

Mr. Martin: The hon. member for Lanark made an excellent speech. He was fair enough to say that many of the things to which he referred were not within the competence of the federal government. As usual he made, I thought, a careful and considered statement. I may tell him that his urging for research, and so on, is something I fully support. This year we are spending $3·5 million on medical research, as compared with less than $1 million five years ago. This covers many fields. It now covers some 112 projects in cancer compared with only two research projects in cancer when the national health program was established. It touches multiple sclerosis, and it touches the various things to which the hon. member made mention. It touches crippling conditions in children, tuberculosis control, cancer control, and mental health.

A few minutes ago one hon. member referred to the need for additional hospitalization in the mental health field. We have assisted in the building of 8,000 additional mental hospital beds. As the hon. member for Lanark pointed out today, together with the provincial governments in a scheme of co-operation we have been able to supply some 38,000 hospital beds in addition to the numbers that existed four years ago. When we come to the various items we can go into further details. Under the national health program the federal government, together with the provinces, has embarked upon a program of the greatest significance to the people of this country. This program has been pursued without political interest, as every provincial department of health will confirm.

I propose to leave most of these subjects for discussion when we come to the various items. I would simply say this. The questions raised by the hon. member for Broadview I think have answered themselves. When he said he was in favour of the existing Swedish system I was most amazed. I think no other person sitting in his group would be in agreement. Certainly, to answer his question directly, I would not give that program my support, nor do I think anyone would who has followed this problem closely.

Mr. Knowles: Will the minister permit a question at this point? I agree with him. I favour the new plan proposed in Sweden. But just to have the picture clear, has the new plan really been brought into effect?

Mr. Martin: No.

Mr. Knowles: It was passed by the Swedish legislature, but it has not been brought into effect, although it is a better plan.

Mr. Martin: No one speaks enthusiastically of it, and I am sure that on reflection and

when he does some research on the matter, the hon. member will agree. I am sure he would not seriously urge that plan in this country. There is nothing further to add.

The hon. member for Winnipeg North Centre has spoken with vigour and at length on the matter he raised. In another debate I have stated the present position. All but two of the health surveys are in. The sickness survey, which will be the most significant survey of its kind ever attempted in any country—at least so we are informed by the American medical public association —we hope will be completed soon. We are now making a condensation of the various provincial health surveys which are part and parcel of the nation's health program. I can add nothing more, except to say that I share the view that has been expressed by hon. members who have spoken here tonight as to the importance of this work. There is no department of government that is engaged in more important work, and when we come to these various items the tremendous progress that has been made will be indicated. I have no hesitation in saying at once that there can be no stopping, no letting up in our efforts to try to battle the greatest enemy of mankind, disease. This is something that depends upon the collaboration of governments, the medical profession, the nursing profession, voluntary organizations and so on. I believe that, while we must never relax our efforts, the general picture in this country is one that shows constant activity and continuing interest.

Mr. Hees: I should like to ask the minister a question. He made some derogatory remarks about the Swedish plan which I understand is now being revised. That plan has been in existence for many years and has proved satisfactory to a great many people. It just goes to show that anything can be improved; and it would be extraordinary if it could not. If the minister finds so much wrong with the plan which they are changing, he must of necessity have in mind some better plan. I would be greatly interested in hearing what the minister's ideas are on this matter.

Mr. Martin: When we come to that matter we can deal with it.

Mr. Hees: There is no item I know of that deals with health insurance. Will the minister answer that now or under health insurance studies?

Mr. Martin: Yes; when we come to the item.

Mr. Fleming: If the minister will turn to the details of this item on pages 318 and 319, he will find some items about which I should like to ask a couple of questions.

Mr. Martin: Could we not wait until we get to the items?

Mr. Fleming: That is what we are into. I am asking a question about the details of the first item. At page 318 we find provision for one economist, grade 9; one economist, grade 6; two economists, grade 4; one economist, grade 3; five economists, grade 2; and one economist, grade 1. I note that provision is made this year for what appears to be a doubling of the number of economists in the department.

Mr. Martin: Yes.

Mr. Fleming: What specific work are the economists doing; and what work are the additional economists engaged in at the moment?

Mr. Martin: The national health program is entailing the greatest administrative responsibility and work.

Mr. Fleming: Are you charging those under this item and not under health insurance studies?

Mr. Martin: Some of them. They do that as well. We have approved over 3,000 projects. That is a tremendous amount. We have to assess those. Every year we drop some of them; we do not think some should go on. The job of appraising has to be done. These people are assisting in much of that work. That is not their only work. For instance, we have made a study of the various health insurance programs in other countries, as the hon. member for Winnipeg North Centre has pointed out, and so on. We really should have more, but that is all I was able to get.

Mr. Hees: Before I leave that matter, may I get the minister's assurance that when we get to this item he will tell me specifically what he finds fault with in the plan I mentioned?

Mr. Martin: I shall be glad to.

Mr. Hees: Will he give us the assurance that he will deal with what he told us was a good plan and will he also give us some ideas that he has?

Mr. Martin: I will not promise to do the latter; but I will tell you what is wrong with yours.

Mr. Hees: No. I think it only fair that the minister give us some ideas he has after this great length of time he has obviously studied health insurance plans. Will he tell us what his ideas are and will he tell the committee at that stage when we may expect

actually to come to grips with this problem and stop shadow boxing?

Mr. Martin: I shall be glad to deal with all those questions in my humble way.

Mr. Fleming: No; do it the other way, your usual way.

Mr. Hees: Yes.

Mr. Martin: Let us pass this item tonight.

Mr. Fleming: I am trying to be helpful. At page 319, under the same item, the second last detail, No. 22, we find "Allowances and other expenses of delegates to international conferences, $6,000." May I ask what international conferences the department is sending delegations to this year?

Mr. Martin: The world health organization.

Mr. Fleming: What did the expenses amount to of the delegation last year to the world health organization?

Mr. Martin: $5,900.

Mr. Fleming: The minister came fairly close in his estimate.

Mr. Martin: We estimated very accurately. That is one place where we hit the bull's eye.

Mr. Fleming: May I ask the minister this question, and I am sure he would be disappointed if I did not ask it of him—

Mr. Martin: I will give my hon. friend the answer right now.

Mr. Fleming: —because it is a time-honoured one.

Mr. Martin: I will give my hon. friend the answer right now. I anticipated my hon. friend, knowing his great interest in these problems. I would ask him to sleep on this answer, or to read it instead of the book he was going to read tonight.

Mr. Fleming: I take it that this is a statement of the details of the actual expenditures, item by item, in this department last year.

The Deputy Chairman: Is it agreed that this document be printed in *Hansard*?

Mr. Fleming: Agreed.

Some hon. Members: Agreed.

Mr. Martin: The document is as follows:

DEPARTMENT OF NATIONAL HEALTH AND WELFARE
EXPENDITURES 1951-52

1952-53 Item No.	Services	Expenditure to Mar. 31, 1952
		$
S	Minister's salary and motor car allowance	12,000
257	Departmental administration	831,562
	National Health Branch	
258	National health branch—administration	104,379
259	Administration of the quarantine and leprosy acts	293,837
260	Immigration medical services	1,281,438
261	Sick mariners treatment services	564,073
262	Grants to institutions assisting sailors	2,600
263	Laboratory of hygiene—operating and maintenance	367,849
264	Laboratory of hygiene—construction or acquisition of buildings, works, land and new equipment	31,461
265	Public health engineering	142,512
266	Industrial health	180,348
267	Civil service health	240,288
268	Epidemiology (including the former V.D. control)	63,919
269	Administration of the food and drugs and prop. or patent medicines acts	823,574
270	Administration of the opium and narcotic drugs act	150,134
	Indians and Eskimos health services—	
271	Operation and maintenance	10,735,763
272	Construction or acquisition of buildings, works, land and new equipment	924,070
273	Special technical services	356,649
274	Health insurance studies and administration of general health grants	65,234
	Appropriation not required for 1952-53 (Grant to Squamish Hospital)	30,000
	Total health services	16,357,948
275	General health grants	24,381,911

EXPENDITURES 1951-52 (Concluded)

1952-53 Item No.	Services	Expenditure to Mar. 31, 1952
		$
276	Canadian Mental Health Association	10,000
277	Health League of Canada	10,000
278	Canadian Public Health Association	5,000
279	Canadian National Institute for the Blind	45,000
280	L'Association Canadienne Francaise des Aveugles	6,000
281	L'Institut Nazareth de Montreal	4,050
282	Montreal Association for the Blind	4,050
283	Canadian Tuberculosis Association	20,250
284	Victorian Order of Nurses	13,100
285	St. John Ambulance Association	10,000
286	Canadian Red Cross	10,000
287	Canadian Paraplegic Association	15,000
	Total special health grant	152,450
	Total national health branch	40,892,309
288	Welfare branch administration	31,297
289	Family allowances and old age security—Administration	2,356,700
(S)	Family allowances payments	320,457,673
(S)	Old age security payments	76,066,834
290	Administration of the Old Age Assistance and Blind Persons Allowances Acts	93,808
(S)	Old age assistance—payment of federal share of assistance	2,277,238
(S)	Blind persons allowances—payment of federal share of allowances	725,120
(S)	Old age pensions and pensions to the blind—payment of federal share of pensions	80,214,558
291	National physical fitness act	68,240
292	Assistance to provinces	82,214
293	Grant to Canadian Welfare Council	16,000
	Appropriation not required for 1952-53 (Assistance to schools of social work)	100,000
	Total welfare branch	482,489,682
	Total dept. other than civil defence	524,225,553
	Civil Defence	
294	Civil defence	844,851
	SUMMARY	
	To be voted	45,316,981
	Authorized by statute	479,753,423
	TOTAL	525,070,404
	Minister's salary etc.	12,000
	Departmental administration	831,562
	National health branch	40,892,309
	Welfare branch	482,489,682
	Civil defence	844,851
	TOTAL	525,070,404

Item agreed to.

National health branch—health services—

258. National health branch, administration, $139,507.

The Deputy Chairman: Are there any questions on item 257? That is the first item in this national health branch.

Mr. Knowles: Just a minute. What item are we on?

The Deputy Chairman: Item 257; no, item 258.

Mr. Knowles: That is the reason I asked. We had been discussing item 257. We are now on item 258.

The Deputy Chairman: I said that item 257 was carried and I passed over to item 258, which is the administration item of the national health branch.

Mr. Knowles: There is a question I wanted to ask on item 258. Perhaps while I am on my feet I should say I am glad to note that the Minister of National Health and Welfare has indicated his approval of the new plan suggested in Sweden.

Mr. Martin: I did not say that.

Mr. Knowles: He said he preferred it to the old one.

Mr. Martin: I did; but because I prefer my hon. friend to somebody else, that does not mean to say that I prefer my hon. friend to my brother.

Mr. Knowles: In view of the fact that the minister indicated that the new plan is preferable to the old one, we will point out what the new plan is when we get to the item on health insurance studies. On this item 258, national health branch, I should like to ask the minister what consideration his department is giving to the question we discussed under another heading, namely vitamin E and other drugs in relation to the sales tax and so on. Mr. Chairman, do not get the notion that I am talking about something that should come under the Minister of Finance; because when we discussed this matter with the Minister of Finance he pointed out that his department agrees to the removal of the sales tax on various drugs only when they get a recommendation that this should be done from the Minister of National Health and Welfare. I should be glad if the minister could tell us what progress is being made in his department toward the day when vitamin E will be included among those products so recommended to be free from sales tax. Also what progress is being made in the consideration of other drugs for the same exemption?

Mr. Martin: I just want to get that item through.

Mr. Knowles: The first item has passed. Item 257 has passed.

Mr. Martin: I should like to make even greater progress.

Mr. Knowles: Just a minute. I know the minister is the Hon. Paul Martin—

Mr. Martin: I will tell you. The committee is in such a good mood that I ought to be prepared to give a reply to that question. My hon. friend will realize that I cannot very well say in the committee what government policy is until government policy on a particular matter is subscribed to by the government as a whole.

[Mr. Knowles.]

Mr. Fleming: Or until there is a government policy.

Mr. Martin: The Minister of Finance, who has great responsibility in these matters, has to take into account the requirements and the money he has available to meet those requirements. I may tell my hon. friend that the department naturally follows these matters with great interest. I cannot say any more than that. I am sure he will understand.

Mr. Knowles: I am sure I would understand that it was the minister speaking even if I could not see him. That is the kind of answer we get far too often. Let us look at the situation. The Minister of Finance says, "We have to consult the Minister of National Health and Welfare". The Minister of National Health and Welfare says, "The Minister of Finance has to consider these matters in the light of his total financial responsibility".

Mr. Martin: Surely the hon. member does not expect me to say that I recommended such and such to the Minister of Finance and that the Minister of Finance did not accept that recommendation. The hon. member surely does not expect me to enter into a discussion of that kind of cabinet debate. I just could not do it.

Mr. Fleming: We understood him to say that he accepted your recommendation.

Mr. Martin: I am sure my hon. friend would recognize the fact that it would be improper for me to enlarge on that any further. I will not say it is improper for him to ask the question, but I doubt if he should persist in it.

Some hon. Members: Eleven o'clock.

Mr. Knowles: I think it is in order for us to expect the minister to tell us what the thinking is of the people in his department with regard to vitamin E products and other drugs.

Mr. Martin: That is a very important matter. My hon. friend can understand the situation. I forgot to say this. For business reasons, even if the situation were otherwise, I could not say in this committee what our view is with regard to certain tax relief on certain kinds of drugs.

Mr. Knowles: If the minister suffers under that disability, some of the rest of us do not. I want to say I feel that vitamin E and a good many other drugs should not be taxed.

Mr. Martin: I was not referring to vitamin E. I was referring to the general problem. There would be companies who would take advantage of what I said, and I do not propose to be put in that position.

Mr. Knowles: Mr. Chairman, I come back again to what I was saying, namely that if we cannot get information out of the minister, at least we can give him information and give him our views.

Mr. Martin: I should be glad to have them.

Mr. Knowles: There are a great many of us in this chamber who feel it is grossly unfair that these taxes are kept on vitamin E and many other drugs that we might name. Since the Minister of Finance has told us he will not take the tax off unless the Minister of National Health and Welfare recommends that it be done, we urge the Minister of National Health and Welfare to make such a recommendation.

Item agreed to.

259. Administration of the quarantine and leprosy acts, $322,001.

Some hon. Members: Carried.

Some hon. Members: No.

Mr. Martin: Could we carry item 259?

Mr. Fleming: I have some questions to ask on this item.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will consider the estimates of the following departments: national health and welfare, labour, fisheries.

Mr. Green: What about public works?

Mr. Fournier (Hull): And if we have time we will take up public works.

Mr. Fleming: Will that be the order?

Mr. Fournier (Hull): Yes, that will be the order.

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

[The following items were passed in committee of supply]:

Supply

DEPARTMENT OF RESOURCES AND DEVELOPMENT

396. To provide for surveys and construction of the trans-Canada highway through national parks, $500,000.

397. To provide for general investigations by the Northwest Territories power commission of the electric power requirements of settlements and industries in the Northwest Territories and the Yukon Territory (revote), $1,000.

Northern administration and lands branch—

398. Branch administration, $23,180.

399. Lands division—administration of territorial and public lands; seed grain collections, $301,629.

Northern administration division—

400. Administration, $262,212.

Northwest Territories, including Wood Buffalo park and Eskimo affairs—

401. Operation and maintenance, $772,851.

402. Construction or acquisition of buildings, works, land and new equipment, $227,400.

Forest conservation and wildlife management, including Wood Buffalo park—

403. Operation and maintenance, $332,717.

404. Construction or acquisition of buildings, works, land and new equipment, $94,211.

Yukon Territory, including forest conservation—

405. Operation and maintenance, $309,898.

406. Construction or acquisition of buildings, works, land and new equipment, $328,050.

407. Grant to the Arctic Institute of North America, $5,000.

Forestry branch—

408. Branch administration, $132,885

Forest research division—

409. Operation and maintenance, $909,447.

410. Construction or acquisition of buildings, works, land and new equipment, $54,161.

Forestry operations division—

411. Administration, operation and maintenance, $93,092.

412. To provide for contributions to the provinces for assistance in forest inventory and reforestation in accordance with agreements that have been or may be entered into by Canada and the provinces, $1,225,000.

Forest products laboratories division—

413. Operation and maintenance, $515,729.

414. Construction or acquisition of buildings, works, land and new equipment, $41,955.

415. Grant to Canadian Forestry Association, $6,000.

416. Grant to Pulp and Paper Research Institute of Canada, $100,000.

Eastern Rockies forest conservation board—

417. Salaries and expenses of federal members of the board, $13,680.

418. Federal contribution towards annual maintenance, including staff and expenses, $75,000.

Canadian government travel bureau—

419. To assist in promoting the tourist business in Canada, $1,496,900.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

A—Department—

257. Departmental administration, $970,160.

National health branch—

Health services—

258. Administration, $139,507.

Loans, Investments and Advances—

558. To provide for advances to the Northwest Territories power commission for the construction on the Mayo river, Yukon territory, of a storage and hydro-electric development, to serve the Mayo mining district, $1,300,000.

HOUSE OF COMMONS

Friday, June 6, 1952

The house met at three o'clock.

NEW MEMBER

Mr. Speaker: I have the honour to inform the house that the Clerk has received from the chief electoral officer certificate of the election and return of the following member, viz.:

Of Joseph Leon Deslieres, Esquire, for the electoral district of Brome-Missisquoi.

BUSINESS OF THE HOUSE

STATEMENT OF PROPOSED LEGISLATION

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, perhaps hon. members would welcome at this time a brief statement as to the extent of the remaining legislative program which the government proposes to submit for the consideration of parliament before the end of the session. Fortunately there is not much left, but in addition to the bills and resolutions now appearing on the order paper and the two resolutions of which notice appears in *Votes and Proceedings* of yesterday, there are the several measures which have been referred to the committees. These include the Treaty of Peace (Japan) Act, the amendment to the Canada Grain Act, the amendment to the War Veterans Allowance Act, the amendment to the Veterans Benefit Act, the amendment to the Veterans Insurance Act and the redistribution legislation. It is expected that these measures will be reported back to the house in due course and will be required to be dealt with.

There are three measures which were before the Senate, one of which has just been passed by that house. If the two remaining measures are disposed of in that place in time they will be sent here for consideration. These are the Criminal Code revision and the amendment to the Food and Drugs Act.

The government expects within the next few days to give notice of a bill dealing with the Belleville harbour commissioners and there will be the usual annual bill respecting Canadian National finances. It is hoped and expected that at an early date we will have the final polishing up given to a bill which has been under consideration for some time dealing with currency, the mint and the exchange fund. There may also be a resolution to approve of an agreement for the promotion of safety on the great lakes and there will probably be introduced in the Senate a bill dealing with trade-marks. It is not intended that that bill shall go beyond the committee stage in that house at this session. It is being introduced, as the Bankruptcy Act and the Income Tax Act were introduced, so that it may get publicity and so that during the recess of parliament interested parties may make such representations, or prepare themselves to make such representations, as they may see fit at another session.

We have another bill that has been ready for some time to amend the Eastern Rocky Mountain Forest Conservation Act but it cannot be introduced until the revised contract with the government of Alberta has been completed. If that is completed in time to make it convenient without rushing matters here to introduce the confirmatory legislation that will be done. So far as I know there is nothing else in contemplation, and that will complete the whole program.

Mr. Diefenbaker: I should like to ask the Prime Minister a question with particular reference to one matter to which he referred, the revision of the Criminal Code. The law societies have had a general opportunity afforded by the Minister of Justice to examine the measure but in view of its amplitude and the fact that the law societies have not had a full opportunity to examine its terms, and having several letters on my desk with regard to the various provisions, I should like to inquire whether the Prime Minister will consider allowing that measure to stand over. After all, no real harm would be done by allowing it to stand over until the next session so that every representation consistent with the principles of justice embodied in the Criminal Code may be made. I make that suggestion because I feel that so important a piece of work as the amendments to the Criminal Code certainly should not be rushed through the house until the law societies and others interested have had the fullest opportunity to study the matter and if necessary make further representations in addition to those they have already made.

Mr. St. Laurent: There has never been any intention to rush it through the house. It is a measure which is not controversial in party

political terms. It is a measure that is being devised for the better administration of the criminal law for the whole Canadian public. We fully appreciate that it has to receive the most careful consideration. We are under the impression that the law societies and others outside parliament have had a full opportunity to make their views known. There are many lawyers in this house, as there are in the other place, and I am sure that every one of them will feel a personal responsibility to give due consideration to all the sections of the measure amending the Criminal Code.

I think it would not be advisable to try to deal with it in this house if it did not reach us at least a fortnight before the approximate date for prorogation of parliament. It is not something which has to be passed at this session. However, it has been delayed inevitably for a long time and we would not care to delay it any longer than is reasonably necessary to make it acceptable as a piece of legislation having had the most careful consideration possible from those who will be responsible for its enactment. We had already given the matter consideration and had come to the conclusion that unless it reached this house at least a fortnight before the target date for prorogation it would not be proper to try to have it considered in a hurry.

Mr. Drew: I would point out that there may be a consideration that should be borne in mind in that respect. Already, as the Prime Minister knows, some representations have been made that the legislation should stand over in order to provide a further opportunity for discussion. To some extent what members of the house will do in the meantime will depend on whether the legislation is or is not going to be proceeded with. I believe that a number of members will perhaps wish to answer the communications they have received with some knowledge whether it is or is not proposed to proceed with the legislation. Therefore without asking that a definite statement be made today, I wish the Prime Minister would consider that feature of the subject because many of us would probably feel that we would simply answer the letters we have received by saying that it is the intention of the government to permit further consideration, if that is the intention.

Mr. St. Laurent: We know of no reason, other than the time required to give the matter careful study in the house, that would justify retarding the coming into force of the legislation, but it may very well be that the kind of consideration that it should be given by members of the house will make it undesirable to have it completed at this session. I think the general public would naturally wish to have it come into force in proper form just as soon as that task can be accomplished, and I would not like to make any commitment to other bodies that it would be delayed for any other reason than that members of parliament would not have been satisfied in the meantime that they had had all the information that might be of benefit to them in helping them to discharge their responsibility.

Mr. Knowles: One of the questions I had intended to direct to the Prime Minister has already been put by the hon. member for Lake Centre. Perhaps I might be permitted to say that we support the suggestion that the Criminal Code amending bill should stand over until next session, for the reason suggested by the Prime Minister as well as for other reasons. The other question I wish to ask is in two parts. Will there be introduced at this session the legislation indicated in the speech from the throne respecting the Canadian Citizenship Act, and will there also be introduced at this session the legislation to amend the Government Annuities Act which we had before us at the last session of parliament?

Mr. St. Laurent: With respect to the Canadian Citizenship Act, at the present time it is not contemplated that it will be dealt with at this session. It has always been contemplated that that would depend upon what was done with the Immigration Act. It was felt that if the Immigration Act as proposed were adopted in exactly that form it might be desirable to have concurrent amendments made to the Canadian Citizenship Act. However, it is not now intended to bring them forward at this session because even when the Immigration Act is enacted it will be provided that it is not to come into force until proclaimed, and it will not be possible to proclaim it at once because it will require some preliminary organization changes before it is proclaimed.

With respect to the annuities act and two or three others mentioned in the speech from the throne, we have not yet got them in the shape that we would wish to have them to recommend them to parliament, and we do not expect to have them in shape to enable us to recommend them to parliament at this session.

Mr. Fleming: May I ask the Prime Minister one other question with regard to the Criminal Code? How does the government propose that this measure shall be handled if and when it does come to the house? Is it

intended that it should be considered in committee of the whole after second reading or referred to some select committee after second reading?

Mr. St. Laurent: That point has not been decided. It is a matter in which it is felt that all members of the house of course are interested, but I think those members of the house who are not of the legal fraternity will look to their confreres of the legal fraternity to take the principal part in discharging the responsibility of getting the revised code in proper shape. No decision has been arrived at as to whether the most convenient form would be the committee of the whole or a special committee made up principally of the lawyer members of the house. My own view would be that it would probably take less time and might meet with the approval of the non-lawyer members of the house to have it referred to a committee of lawyers. I would not want to press that on the house if other members felt that they also wanted to take part in the detailed examination of the various clauses of the bill.

Mr. Knowles: You have got to have some common sense in it.

CRIMINAL CODE

AMENDMENT WITH RESPECT TO RACE MEETINGS

Hon. Alphonse Fournier (for the Minister of Agriculture) moved the first reading of Bill No. 309 (from the Senate), to amend the Criminal Code (race meetings).

Motion agreed to and bill read the first time.

WAR RISKS INSURANCE

ESTABLISHMENT OF MARINE AND AVIATION ACCOUNT

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

That it is expedient to introduce a measure to provide (a) that the Minister of Finance may enter into insurance and reinsurance agreements against any or all war risks of aircraft, vessels and cargo; (b) that there shall be established in the consolidated revenue fund an account to be known as the marine and aviation war risks insurance account; and (c) that there shall be credited to the account amounts equal to the premiums or other moneys received, sums allocated from appropriation by parliament and amounts directed to be credited to the account as temporary credits.

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

Motion agreed to.

Proposed Legislation

NORTHWEST TERRITORIES ACT

AMENDMENT TO REVISE AND CONSOLIDATE, ETC.

Hon. Robert H. Winters (Minister of Resources and Development) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend, revise and consolidate the Northwest Territories Act and inter alia to provide for an increase in the allowance for living expenses of the members of the council when the council is in session; to provide also for the payment of all territorial revenues into the consolidated revenue fund and for the establishment therein of an account to be known as the Northwest Territories revenue account to which shall be credited (a) amounts equal to the territorial revenues paid from time to time into the consolidated revenue fund pursuant to subsection one; (b) all moneys appropriated by parliament to be credited to the Northwest Territories revenue account; and (c) an amount equal to the amount standing to the credit, at the commencement of this act, of the account then known as the Northwest Territories revenue account; to provide also for the payment, out of the consolidated revenue fund, of money required for the territorial purposes specified in the ordinances of the commissioner in council, all such payments to be charged to the Northwest Territories revenue account; to provide also for the establishment of a territorial court of the Northwest Territories and for the appointment in certain cases of deputy judges thereto; and to provide also that the governor in council may appoint police magistrates in and for the territories and may fix their salaries and allowances; and to provide further that the governor in council may appoint the clerk of the court, sheriff and such other officers as are deemed necessary and fix their salaries and allowances.

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

Motion agreed to.

BOUNDARY WATERS TREATY ACT

AMENDMENT TO INCREASE MAXIMUM SALARIES OF THE MEMBERS OF THE CANADIAN SECTION OF THE INTERNATIONAL JOINT COMMISSION, ETC.

Hon. Alphonse Fournier (for the Secretary of State for External Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the International Boundary Waters Treaty Act to increase the maximum salaries of the members of the Canadian section of the international joint commission; to bring the secretary and all other employees under the provisions of the Civil Service Act; and to provide that all expenses incurred in carrying out the provisions of the act and the treaties shall be paid out of moneys appropriated by parliament for the purpose.

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

Motion agreed to.

Inquiries of the Ministry

KOREA

MARTIAL LAW IN SOUTH KOREA—REPORTED DECLARATION BY SYNGMAN RHEE—REFERENCE TO PROTEST

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): On the 4th of June, the day before yesterday, the member for Vancouver East (Mr. MacInnis) asked a question about the situation in South Korea. I had the answer yesterday but the hon. member was not in his seat at the time the orders of the day were called. Though he has not yet come in this afternoon I think I should make a short answer so as not to leave the impression that I have not given his question the consideration it deserved.

Previous to the visit of the Secretary of State for External Affairs (Mr. Pearson) to New York yesterday and the day before, our permanent delegate to the United Nations, on instructions from Ottawa, had expressed to the Secretary General of the United Nations our concern over the situation in South Korea. The minister, during his visit, has himself also discussed the matter with the Secretary General. It has also been taken up by our representatives in London and Washington with the appropriate departments of the United Kingdom government and the United States government. No doubt on his return next week the Secretary of State for External Affairs will wish to say something further on the subject.

BUSINESS OF THE HOUSE

ANSWERS TO QUESTIONS—CANADIAN NATIONAL RAILWAYS

On the orders of the day:

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, referring to questions at pages 2787 and 2788 of *Hansard* of Monday last, June 2, the answers or the supposed answers which appear in *Hansard* are not the same as those that I have received. They pertain to the Canadian National Railways and on each answer, which bears the signature of the deputy minister of transport, there is:

Answer: The Canadian National Railways advise as follows:

That appears on both answers. However, it does not appear on *Hansard* and that makes all the difference in the world, because the answers which I hold in my hand are typewritten and have just been conveyed to the House of Commons by the minister and not given by him. They are not the minister's answers; they are the answers of the railway.

I would ask the minister if I am right in that respect—and I have a second question to ask him.

[Mr. Fournier (Hull).]

If the answer had been given by the railway and conveyed by the minister to the house, are the answers from the board of directors of the Canadian National Railways or are they answers from the management?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I think the house is familiar with the practice in so far as the Canadian National Railways are concerned. Questions when asked are put on the order paper and submitted by the officials of the Department of Transport to the officials of the Canadian National Railways, and the answers given by the railway officials to the questions are the answers which are tabled in this house. Normally it is stated in the answer that the Canadian National Railways advise as follows:

And the answers follow, 1, 2, 3.

That is the practice, but if it has been omitted—and I note that it has in the questions to which my hon. friend refers at pages 2787 and 2788 of *Hansard*—I have no objection to that being inserted, but it is a matter for the house to determine and not for me.

Dealing with the questions of my hon. friend, I think what I have said so far answers his first question. The second question would be answered by the fact that these are not the answers of the board of directors. Questions are not sent to the board of directors, they are sent to the officers of the Canadian National Railways with whom our officers are in contact. The replies submitted by them are the replies which are given by myself to the house.

Mr. Pouliot: I thank the minister for his fair answer which will permit me to use proper language with regard to the Canadian National Railways people in due course—language that I would never use toward him.

CIVIL SERVICE COMMISSION

INQUIRY AS TO TABLING OF REPORT

On the orders of the day:

Mr. Jean François Pouliot (Temiscouata): Now I have a question to ask of the distinguished gentleman who sits on my left, the hon. Secretary of State (Mr. Bradley).

Will he be kind enough to tell us when he will table the report of the civil service commission for last year, and if it will be tabled as usual on prorogation day.

Hon. F. G. Bradley (Secretary of State): Mr. Speaker, I thank the hon. gentleman for having given me notice of his question.

Subsection 4 of section 4 of the Civil Service Act provides that:

The commission shall make an annual report and statement of the transactions and affairs of the commission during the year then next preceding, and such report shall be laid before parliament.

That is to say, of course, it is an annual report. Pressure of work in connection with salary revisions and the recruitment of personnel for national defence and emergency positions has delayed the preparation of this year's report, but it will be in the hands of the queen's printer by the beginning of the next week, and will be here shortly thereafter.

Mr. Pouliot: I congratulate you.

SUPPLY

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

259. Administration of the Quarantine and Leprosy Acts, $322,001.

Mr. Fleming: Mr. Chairman, before we go on with item 259, may I ask a question about the statement which the minister put on the record just at the moment of adjournment last night. It is a question that relates to a number of the items in the estimates of the department. In comparing the statement of the actual expenditures, item by item, which the minister tabled late last night with the estimates of 1951-52, I notice that in many instances the expenditures exceeded the estimates. What is the explanation for that? Were there supplementary estimates for those items which were not included in the estimates as printed in the present volume?

Mr. Martin: The further supplementaries are not included. Those items are covered by further supplementaries.

Mr. Fleming: I then make this observation on this volume of estimates. I suppose the same thing will apply to all departments, and not just the Department of National Health and Welfare. When figures are shown as being the estimates for the year 1951-52 for comparison with the year 1952-53, we are given apparently only the original or main estimates for the year 1951-52, and the supplementary estimates or further supplementary estimates are not included in those figures. I urge, Mr. Chairman, that when the volume of estimates is to be printed in future it ought to give members that information.

Mr. Martin: This discussion is really out of order. What the hon. member is saying now he should have said on the main item. I do not want to engage in a debate on the issue, but obviously the estimates are compared only with the main estimates and with the supplementaries of the previous year, but not with the further supplementaries. It could not be otherwise, and it has been that way for years.

Mr. Fleming: I misunderstood the minister. I can understand that the further supplementary estimates, which might not be passed until the last month of the fiscal year, would not be included in the volume which probably will have been already printed before that time. Will he clear this point, as to whether the supplementary estimates, apart from those brought in at the end of the fiscal year, are or are not included in the volume?

Mr. Martin: They are.

Mr. Fleming: They are shown?

The Chairman: Shall item 259 carry?

Mr. Fleming: I had asked a question of the minister in regard to No. 259. Will he tell us how many lepers there are at the two establishments, the one at Bentinck island in British Columbia and the other at Tracadie in New Brunswick.

Mr. Martin: There are eight, three at Bentinck and five at Tracadie.

Mr. Fleming: What is the cost of maintaining those two establishments?

Mr. Martin: Roughly about $22,000.

Mr. Fleming: How is it broken down?

Mr. Martin: About $7,450 at Bentinck and $14,700 at Tracadie.

Mr. Murray (Cariboo): I believe that this item was referred to some years ago, and questions were asked about the necessity of maintaining a place for the treatment of lepers. I hear that there are eight such people in British Columbia now, and a year ago there was one. This difficulty in Korea, and the constant traffic back and forth across the Pacific, may very well expose us to the dangers of this sort of disease. I believe the minister should be commended for maintaining an institution where patients may be treated, and also maintaining a very close observation of persons landing on these shores from the Pacific. I believe it is very much better for the nation to save money by preventive measures, instead of spending money after there has been an occurrence of this and other diseases in many places.

Item agreed to.

260. Immigration and medical services, $1,198,360.

Mr. Fleming: This is a large item that relates to the immigration medical services, and shows some increase over last year. In referring to the details on page 322, I notice that the number of medical officers is being increased from 28 to 47. There is also a substantial increase in the number of housemaids. There is a provision for 24 assistants, who are new. I wonder if the minister would

review the situation in regard to the maintenance of these services, particularly in the light of immigration policy outlined to us, and give us the duties and qualifications of the various persons who are being added to the staff in these respective capacities.

I would ask the minister also to indicate what will be the effect, if any, on the administration of the immigration medical services, following the adoption of the new Immigration Act which has been introduced in the house? Will he tell us something about the plans of the department in regard to locating medical examiners abroad, and particularly if there are any changes in contemplation. I would ask him to tell us something, in general, about the health of immigrants. The minister is aware that early in March the minister of health for Ontario reported with some regret that during the last four years more than 70,000 days of treatment had been provided for displaced persons in Ontario, at a cost to the province of considerably more than $200,000. He mentioned that the tuberculosis rate was two and a half times that of Canadians, and indicates that these immigrants were apparently more susceptible than Canadians to arthritis and other diseases. Will the minister make a statement covering the points I have mentioned?

Mr. Thatcher: I was going to ask several questions along the lines of those asked by the member for Eglinton. There is one particular point I cannot understand and that is that the Minister of Citizenship and Immigration told us there would be 30,000 to 40,000 less immigrants this year than we had last year, so why should we have to spend $307,000 more examining them with an additional staff of 40 people? The two things do not seem to jibe, so would the minister give an explanation?

Mr. White (Middlesex East): I wanted to ask the minister if this item pays for any of the doctors and nurses on our immigration staff.

Mr. Martin: Entirely. I take it that there are no other questions on this item, so I shall deal with them now.

Mr. Thatcher: I have some other detailed questions to ask.

Mr. Martin: Then I suggest that the hon. member do it now, and I shall deal with them all at once.

Mr. Thatcher: I would prefer to have a general answer, and then ask the detailed questions.

Mr. Martin: First of all, with regard to the last question. The entire services of the examination staff are under this vote. As the committee will realize, we service the immigration department as we service other departments of government in other ways. While there is not complete centralization of medical services, an effort is made, in so far as it is possible, and in the light of all conditions, to make the Department of National Health and Welfare provide the medical services for those departments of government requiring them.

Our budget is determined, not by our own departmental program, but by the requirements that follow the program of the Department of Citizenship and Immigration itself. There has been an increase to the extent of 19 medical officers, together with consequential staff that has to be employed, not only abroad, but for the functions they exercise at our hospitals and our centres at Gander, Harmon field, Sydney, Halifax, Moncton, Montreal, Toronto, Vancouver and so on. I do not know that anything arises in which we are concerned in the proposed citizenship bill, or in the amendments to the act to which the hon. member has referred. I am not aware of anything that would affect us consequentially. However, I may not have fully understood the hon. member's point.

It is true that the minister of health in Ontario did point to the great danger, and properly so, in his position of minister of health in that province. But I can assure my hon. friend, as did my parliamentary assistant when he replied on March 7 to a question asked in the house along the same lines. His answer is reported at page 203 of *Hansard*. I can assure my hon. friend that the greatest care is taken in the examination of proposed immigrants.

In respect of certain persons, such as epileptics, mental cases, tubercular cases and those affected with trachoma, as well as venereal disease, not only are the proposed immigrants examined themselves, but the members of their families are also examined. Then, for more than two and a half years there has been the requirement of X-rays from the proposed immigrant in the country of origin. The greatest care is taken in the examination of the proposed immigrants. In many instances there is re-examination. This does not happen in every case; but where for some reason or another an immigrant may be considered as possibly undesirable, there is re-examination here at the point of disembarkation.

Mr. Fleming: Would the minister indicate whether in the past year the proportion of immigrants medically examined abroad, before beginning their journey to Canada, has increased. I notice in the last annual

report of the department for the fiscal year ended March 31, 1951, at page 69 there is the following statement:

> During the year a total of 136,755 immigrants were medically examined abroad and 77,348 on arrival in Canada. Of the numbers examined 42,445 were from the British Isles, 92,076 from Europe and 2,234 from the orient.

Has there been any increase in the percentage of those examined abroad?

Mr. Martin: Yes, a very considerable increase, over 100 per cent.

Mr. Fleming: That is what we would expect from the increased appropriation last year, and the increase still being provided. Would the minister deal more specifically with my inquiry in regard to assistants? As will be seen in the details at page 323 provision is made for 24 assistants. I have asked about their duties and qualifications, and I am also curious to know about the addition of 22 housemaids, in the particulars as they are shown at page 322.

Mr. Martin: We are opening our hospital at Rockhead, we have our hospital in the west, and our Park Savard hospital. If there are more immigrants, that means that more staff is necessary.

Mr. Fleming: I gathered from what the minister said that these personnel, the assistants and housemaids, are located in Canada?

Mr. Martin: Yes, and some outside. For instance we are opening a new office in Oslo and the doctors have to have assistants there. We have some, too, in London and in the Paris office. But this staff is the staff thought to be necessary in the light of the policy of the immigration branch.

Mr. Fleming: Are they assistants—because that is what they are called in the details?

Mr. Martin: Yes, that is what they are.

Mr. Fleming: Are they medical assistants to the doctors?

Mr. Martin: X-ray operators, clerks, typists and that sort of assistant.

Mr. Fleming: In other words it includes all kinds of staff?

Mr. Martin: Yes.

Mr. Thatcher: I am not clear on what the minister has said. If we are to have 40,000 less immigrants this year than we had last year—and I think that was what the Minister of Citizenship and Immigration announced a few weeks ago—why do we need this staff?

Mr. Martin: I can only say that if we are going to have less we will not require the same staff. All we are doing is to service another department of government. If the staff is not required it will not be utilized.

Mr. Thatcher: But if the minister would turn to page 323 he would see there an estimate for hospital materials and supplies, in which there is an increase of $60,000. If there are to be fewer immigrants, why do we have this increase?

Mr. Martin: My hon. friend may be assured that if we do not need the staff and do not need the material or cannot find adequate places to use it, we will not order it. But our staff is predicated upon the requirements to service the needs of the department. If the government should decide upon a different policy for this service, then we will have to cut our cloth accordingly. But we have to provide the equipment and the commodities used to give the kind of examination that the hon. member for Eglinton urged, and properly so, should be maintained.

Mr. Thatcher: I understand that; but let me say this, that if our immigration policy has been cut, then these estimates should be cut.

Mr. Martin: I think the hon. member fails to realize that if he will compare the estimates this year with the main and supplementary estimates for last year he will find that they do not take into account last year's further supplementary estimates of $508,000. If these are taken into consideration, then the present estimates will appear as a decrease of $200,000. The blue book makes no reference to last year's further supplementary estimates.

Mr. Tustin: I notice that the item for allowances at page 323 is an increase from $53,184 to $127,536. What is the reason for this?

Mr. Martin: Those allowances are for our officers and personnel abroad, in accordance with the general policy of the government regarding officers in all departments who serve outside Canada and who, in view of special conditions attaching to residence outside the country, are provided for in this way.

Item agreed to.

261. Sick mariners treatment services, $588,129.

Mr. McLure: What class of mariners is affected? Are these persons in the service of the government, or does the item apply to any sailor in private enterprise? I know of two sailors—or mariners, as we call them—who have been sick all winter down home, and have not received treatment of any kind. They have had no service from the department, so far as I am aware.

Mr. Martin: The treatment that is provided is for sailors for whom fees are paid.

Mr. Harkness: This is a matter with which I first became familiar just a short time ago. I understand that this is in the nature of a medical insurance scheme, and the people who come under it are the members of the crew of any ship which pays a fee, and I think it is two cents per ton gross tonnage, every time it comes into port. The chief beneficiaries are fishermen, particularly along the Atlantic coast, and I understand there is a hospital, or there are hospitals, operated by this branch. Can the minister tell us where the hospitals are operated and how many are operated and whether they are operated continuously?

We are asked here to vote $588,000 when, as a matter of fact, the amount of money which will actually be required is about $250,000 less than that. The amount collected from the fishermen and from ships of various sorts that come in, as I understand it, makes up the revenue which, in the details on page 324, was $240,000 last year and is estimated at $250,000 this year. It would seem to me that this thing should be set up in such a way that we would be voting the actual amount of money required rather than the total amount of money which is spent.

I presume that the revenue collected goes into the consolidated revenue fund, but as for showing what the actual position is of this medical insurance scheme for fishermen and mariners, which I think is a good thing, we should be voting the actual amount which is required rather than the total expenditures made, because I do not think this gives us the true picture.

Mr. Martin: Well, as my hon. friend knows, there is a deficit in this. Theoretically this is a revenue bearing scheme, but the revenue does not take care of the positive obligations. As the deputy minister of health explained the other day before one of the committees—perhaps my hon. friend was a member of the committee—there is a problem and my hon. friend may be familiar with it. I feel strongly that you could make a pretty strong case for increasing the fees so as to make a greater equality between obligations incurred and moneys received by way of revenue. But it is thought that if that were done it would mean that a great many fishermen on the Atlantic coast would be denied medical services.

As to the accounting problem that my hon. friend has mentioned, I will make note of it, and see that it is given further consideration.

Mr. Harkness: It is not an accounting problem. I do not think it is an accounting problem; I think it is a matter of the picture which is presented through the estimates to parliament and to the country.

[Mr. Martin.]

Mr. Martin: Yes. With regard to the question as to where the hospitals are, marine hospitals are operated at Sydney and Lunenburg, Nova Scotia; sick mariners' clinics at the ports of Vancouver, Montreal, Quebec, Saint John, and Halifax, will continue to be operated as usual, a new sick mariners' clinic is planned for Victoria, British Columbia, and is expected to provide increased facilities for the care of out-patients. Elsewhere in the province in which the act operates, the various port physicians are paid either on a fee or part-time salary basis as conditions warrant, and we have not contemplated any essential changes.

Mr. Harkness: In connection with what the minister said in regard to increasing the fees, the information that we got in the committee, to which he referred, was that the fees have been constant since 1868. I think there has been no increase in the fees since that time.

Mr. Martin: That is right.

Mr. Harkness: Until not very long ago the revenue taken in from these fees was equal to the expenditures incurred. I think in all the time of operation the total deficit to date is only around a million dollars, and most of that, I presume, has been incurred in the last few years when hospital costs and so forth have gone up so extensively. I would think that possibly some small increase in that rate might make the scheme more or less self-liquidating again without, as the minister expressed it, making it impossible for the fishermen to take advantage of it.

I was rather surprised at the list of hospitals that the minister gave because the total amount of expenditure, including revenue, is only $588,000, and I am quite sure it would not be possible to run all these hospitals on that amount.

Mr. Martin: These hospitals are not used exclusively by us for that one single purpose. My hon. friend asked at what places or at what hospitals were we giving the service.

Mr. Harkness: I asked at what places you were operating hospitals under this particular item, and I think the minister gave most of the hospitals that are operated not only under this branch but under various other departments.

Mr. Martin: The Sydney hospital is an Indian hospital in the main now, but we do treat sick mariners.

Mr. Harkness: Perhaps the minister can tell us what hospitals are operated by this branch.

Mr. Martin: Sydney and Lunenburg are the only ones exclusively for this purpose. At our Park Savard hospital in Quebec, which was originally entirely used for immigration

purposes, we found it was too big for that and some years ago we converted it into an Indian hospital. We have not only Indians in that hospital; we actually lease some space incidentally to veterans affairs because of the existing current shortage of hospital space for veterans in Quebec city. At Rockhead we also treat Indians as well as sick mariners.

Mr. Harkness: One other question on this, Mr. Chairman. What is the reason that mariners or fishermen are not eligible beyond the borders of Ontario and Quebec? In other words, all the ones on the St. Lawrence river from that point westward on the great lakes are not eligible.

Mr. Martin: Well, my hon. friend has touched a problem that has concerned me right from the time I became the minister of this department, and every other minister, I am sure, who has been in charge of this department. This particular service developed in the first instance out of a convention between various member states to protect the health of sick mariners travelling from the home country. It was confirmed by the league of nations, but it had been done before that. But long before the present time, because the maritime provinces and the province of British Columbia are maritime provinces traditionally, there was a difficulty sometimes in differentiating between sailors who are operating from one port in the country to a port in another country. Then there developed the difficulty that sometimes a ship travelling let us say from Quebec to Cherbourg would stop at Saint John or Halifax, two ports in our own country, and men would be sick, and the question arose: Are you going to continue treatment of these people? They would have got this treatment if they had gone to France. That policy developed, and we then had demands for treatment of sailors on the great lakes. The same policy has been urged. Well, we have had to resist that, and I think properly so, because people operating in inland waters have the same facilities of medical attention that any other citizen has in that province, and yet there is the anomaly in the case of some individuals. I can say no more than to state that the anomaly does exist.

Mr. Nowlan: Some reference has been made to this vote being of importance to fishermen on the Atlantic coast, but I think the minister will agree with me when I say that it applies only to boats of a certain tonnage and fishermen working on boats below that would receive no benefit whatsoever.

Mr. Martin: It is not every fisherman.

Mr. Nowlan: Hand liners and fishermen working with motor boats off the maritime coast would receive no benefit whatsoever. Benefits would be received only by those operating bankers and going out to sea with boats of larger tonnage. Did the minister say that there was a hospital at Lunenburg and Sydney operated by the department? I notice that only one matron is mentioned in the details.

Mr. Martin: In the other case she is called the head nurse.

Mr. Gillis: Are all shipping companies on the Atlantic coast contributing to the sick mariners' fund?

Mr. Martin: They are not all contributing.

Mr. Gillis: How many contribute?

Mr. Martin: I will get that information before the end of the day.

Item agreed to.

262. Grants to institutions assisting sailors, in the amounts detailed in the estimates, $2,600.

Mr. Nowlan: Upon what basis are these institutions selected? I note there are thirteen each receiving $200. Are they all in the maritime provinces?

Mr. Martin: No. There is one at Halifax, one at North Sydney, one at Sydney, two at Saint John, three at Montreal, two at Quebec, one at Vancouver, one at Victoria and one at North Vancouver.

Mr. Nowlan: How are they chosen?

Mr. Martin: We discussed this with the sailors' organizations. This list is not all-inclusive of this type of organization in the country. If my memory serves me correctly, there has only been one addition to this list during the last five years. At one time I wondered why these grants should be continued, but we discussed the matter with the various organizations and while they are perhaps symbolic it was generally thought that as they had been given for such a long time they should be continued as they do provide some assistance.

Mr. Nowlan: I know that the organizations in Nova Scotia are performing a useful service. Although this is only a symbolic payment I think it is one which should be maintained. The minister says that there has been no increase during the last five years but in that time Newfoundland has come into confederation and I am wondering if there are similar organizations in that province which should be recognized by symbolic payments.

Mr. Martin: I am sure that this discussion will elicit such a request because there is somebody looking at me right now who I

am sure will make certain that Newfoundland's interests are fully protected.

Item agreed to.

Laboratory of hygiene—

264. Construction or acquisition of buildings, works, land and new equipment, $424,000.

Mr. Fleming: There is an item in the details on page 327 of $400,000 covering the construction of a virus laboratory. Where is this laboratory to be located and what is its direct purpose?

Mr. Martin: It is proposed to locate this laboratory at Tunney's Pasture in the west end of Ottawa and I may say that it is greatly needed and has been long overdue as the present quarters of the virus section are wholly inadequate. The new laboratory will provide adequate space and facilities. The department has approved of a two-storey unit with a partial subgrade basement. A great deal of study has been given to the design of this building and I think it will be found to be economical. We envisage that there will be provision for the necessary safety measures in preparing antigens and sera to be used for the laboratory diagnosis of viral diseases, especially the neurotropic viruses, such as poliomyelitis and the viral encephalomyelitides. I forgot to mention last night, when we were talking about the virus program, that sixty of the research projects provided for in Ontario in the past two years were carried out under the national health program. The virus section of the laboratory of hygiene will be in a position to assist the laboratory divisions of the provincial departments of health. We also anticipate that numerous research projects will include the development of improved diagnostic procedures for neurotropic virus diseases with particular emphasis on the poliomyelitis group of viruses.

Mr. Fleming: Will the minister indicate the size of the building and the staff that will be employed there?

Mr. Martin: It is estimated there will be about twenty.

Mr. Fleming: How long before the building is completed?

Mr. Martin: I do not know. My colleague, the Minister of Public Works, is sitting beside me and with his usual benevolence I hope that it will not be too long.

Item agreed to.

266. Industrial health, $232,348.

Mr. Fleming: I notice that in the report of the department to which I alluded earlier mention is made at pages 46 and 47 of the many functions performed by the department under this particular vote. It is stated that technical aid is provided to a number of federal agencies, including crown companies, on occupational health matters. I gather that in times past there has been no attempt made to charge other government departments or crown companies for the services rendered to them by the Department of National Health and Welfare. I am wondering if as a matter of true accounting to the public and to parliament it would not be better if that were done. We have many cases of this sort where work is done by one department for another department and a charge made accordingly. We are now told that crown companies are going to pay income tax under the recent amendment to the Income Tax Act, and as an aid to clear accounting I am wondering whether it would be desirable to make charges for this work.

Mr. Martin: That is a problem for finance and it would arise in connection with services rendered for departments like immigration, transport and agriculture. If this department was paid for the services rendered the total financial obligation of the government would not be less, although the estimates of the department might be reduced.

Mr. Fleming: We would have much truer accounting.

Item agreed to.

267. Civil service health, $262,457.

Mr. Cruickshank: I am not criticizing this item, but I understand there is an increase of $111,000.

Mr. Martin: The increase is $29,000.

Mr. Cruickshank: In order to be correct, may I ask which item we are on?

The Deputy Chairman: I understood the hon. member was speaking to item 267.

Mr. Cruickshank: The increase is more than that in the book I have. I will not take the minister's mistaken figures but will go to the correct figures in the blue book.

Mr. Knowles: May I suggest that the hon. member has last year's book of estimates.

Mr. Cruickshank: No, I have not. I do not care whether it is $29,000 or $30,000. I want to ask whether this item covers inspection services for health purposes.

Mr. Martin: No. You are thinking of the food and drugs inspection services.

Mr. Knowles: This confirms my suggestion. The hon. member for Fraser Valley should get a boy and have him get a copy of this year's estimates. He is looking at last year's

estimates in which item 267 concerned food and drugs and in which there was an increase of $111,000.

Item agreed to.

269. Administration of the Food and Drugs and the Proprietary or Patent Medicine acts, $917,832.

Mr. Knowles: Under item 269, which deals with the administration of the Food and Drugs Act, may I express the hope that by now the minister is in a position to make an informative and useful statement on a question that I have put to him quite a number of times.

Mr. Martin: Yes.

Mr. Knowles: Just a minute. My question relates—

Mr. Martin: Don't be hard on me. I am just trying to help my friend.

Mr. Knowles: —to the matter of brown bread. As the minister knows from remarks I have made on this question before, I am not suggesting that any impurities are being put in bread but I do suggest that a form of deception develops owing to the fact that not all brown bread is whole wheat bread. It appears that some of it is white bread dyed brown. I do not mean to suggest that the materials with which it is dyed are impure or injurious to health, but certainly it is unfair that people should buy brown bread thinking that they are getting whole wheat bread when such is not the case. I have drawn this matter to the minister's attention a number of times. It was treated with some levity at first but gradually we have been getting fairly serious attention paid to it, and the last two or three times the matter has been raised the reply has been that it would be discussed between the officials of the minister's department and the trade concerned.

It is good to know that progress is being made and that there are such discussions but I hope that the officials did not just listen to what the trade had to say but made some pretty definite suggestions to the trade as to what should be done in the interests of the people of Canada.

I have in my hand a copy of the report of the minister's department for the last year for which the report is available, the fiscal year ended March 31, 1951. I find in it a few interesting pages on the work of the inspection and enforcement services under the heading of food and drugs. The comments on pages 73 to 75 indicate that this division has been fairly active. For example, they have concerned themselves with the "molasses for health" fad. I note in the report this comment:

> While vendors generally made no claims themselves, one, who did advertise that "if you suffer from heart troubles, high blood pressure or gallstones, try crude molasses," was prosecuted under section 6A of the Food and Drugs Act. Conviction was refused on the grounds that a recommendation to "try" a product was not a recommendation for treatment. The case was appealed and a conviction obtained.

There are two or three other interesting items such as this one:

> A number of butchers and vendors in the Ottawa district were prosecuted for selling horsemeat; it is an offence to sell horsemeat without clearly labelling it as such, or to use it in the manufacture of sausages or to use it or any other meat, except beef, in hamburg steak. As it was apparent that the vendor had often acted in good faith, believing his product to be beef, section 24 of the act was invoked to bring charges against the wholesaler or supplier as third party.

There is another reference to a Cornwall cheese factory violating cheese holding regulations. It turned out there were weaknesses in the regulations and they are now under study. Then there is this reference:

> As a result of a case where 2,800 gallons of maple syrup seized in Quebec were found to be adulterated with cane sugar, conferences were held with the federal and provincial departments of agriculture, and methods of close co-operation developed.

Then I read the following:

> Special attention is being given to food colours, some of which in the past have represented a definite health hazard. This year a shipment of 150 pounds of food colour imported from England was found to be of a kind not permitted in foods and was returned to the exporter.

My reason for referring to these few examples listed in the report of the department is to suggest that what some of us are asking for is not out of line with the sort of thing that the department is already doing. I feel that while the matter of white bread dyed brown may not involve something that is actually injurious to health nevertheless it is most unfair that there is not some regulation requiring that a loaf of brown bread must be whole wheat bread and not white bread dyed brown. I hope that this time the minister has something definite and informative to tell us.

Mr. Martin: My hon. friend hopes I will have something definite. He must not confuse his perfectly legitimate aspiration, with which I fully agree, with the practicalities of the situation. As the committee knows—

Mr. Knowles: Are we going to get elegant words again?

Mr. Martin: They are not only elegant but they are pregnant with true meaning.

Mr. Knowles: Let the minister speak for himself.

Mr. Martin: The minister may not be referred to in those terms any longer, although I will admit that for a long time I did believe that all brown bread was non-fattening, but

I have learned through bitter experience that that is not the case. The committee knows that first reading has already been given in the other place to a bill to revise the Food and Drugs Act, and it is a rather important revision. It is not the intention to have the bill come into this house this year because we want a full discussion by outside interests of the implications of that measure.

My hon. friend has drawn my attention specifically to the question of bread. Incidentally, I think that the food and drugs division is perhaps one of the least known but one of the most important and most effective operations of the government of Canada. The committee will be interested in knowing that the Food and Drugs Act is one of our oldest statutes. In fact I think it was the second statute on our statute books. The public have no knowledge of this fact, and I am sure all members have not, but every type of food used in Canada is examined in some form or another by the sampling method through our system of continuous inspection. Canada has a reputation in the standard of its foods generally which I think is excelled by no country.

At the American food institute last September Canada was given first recognition among all countries in attendance at that conference not only for its administration but for the philosophy and purpose behind the Food and Drugs Act. With regard to the bread question, a meeting was called by the department on April 8 at which discussions were held with representatives of the consumers, bakers, millers and allied trades on proposed amendments to standards for flour and bread under the Food and Drugs Act. Following the discussions the proposed amendments are now being drafted. Actually the amendments that we had in our minds were not put forward in the form in which we were thinking about them but the principles were. We wanted to get the reaction because there is no point in hurting a trade simply for the purpose of passing a regulation. We try to administer this act on the basis of co-operation with the industry, and we find that brings good results both from their point of view and ours. So that we are now in the process, and drafting is pretty well complete. One of these days very soon I will submit to the governor in council the regulations we have in mind, and they will be tabled in this house. They are not ready at the moment but they will be complete.

Mr. Knowles: May I interrupt to get this clear? It seems to me that the minister is talking about two things: a bill to amend the act and proposed—

[Mr. Martin.]

Mr. Martin: No, this has nothing to do with the bill. I just referred to the bill in order to pay tribute to the officers of the food and drugs division who have been working on it for a long time. I am now talking about the questions my hon. friend raised, and the questions I am dealing with have to do with this particular amendment. The amendment will deal with proposed standards for such items as wheat flour, whole wheat flour, brown bread, white bread and specialty bread.

As my hon. friend knows, there is some bread that does have less nutritional value than other bread. We are seeking to deal with that aspect of the situation. I believe I can say with assurance that labelling requirements for whole wheat bread in the new regulations will require a statement of the percentage of whole wheat flour used, and that this figure for percentage will be incorporated as part of the same. So, my hon. friend may feel assured that this matter is being faced up to.

Mr. Knowles: I am very glad to hear that action is being taken and that new regulations are being drafted. The minister makes it clear, does he, that it will be definite that any whole wheat bread claiming to be whole wheat bread will have to be properly labelled? But would it still be possible, under the amended regulations, for brown bread to be put on the counters not labelled as whole wheat bread and not be whole wheat bread? It seems to me that is the problem.

We can understand that if you buy a wrapped loaf of bread and if the label says it is whole wheat bread, then you know you are getting whole wheat bread; but how about the housewife who buys an unwrapped loaf of brown bread thinking she is getting whole wheat bread?

Mr. Martin: My hon. friend states the problem and we have it in mind.

Mr. Knowles: You are trying to grapple with it?

Mr. Martin: We are trying to grapple with it in characteristic manner.

Mr. Knowles: No, no.

Some hon. Members: Not that.

Mr. Harkness: That requires a definition.

Mr. Knowles: That answer means that we have to start all over again. If it is just being dealt with "in characteristic manner" that means we will have the issue of brown bread dealt with at the election after the next.

Mr. Martin: You will be surprised when you see the results. You will say: What a wonderful minister!

Mr. Knowles: Don't put words like that in my mouth. They would make me choke.

I am glad to note that these regulations will deal with the content of flour as well. It is not only a question of the bread that is being produced for sale by the trade; it is also highly desirable, in a country like this in particular, that our flour should be as healthful in content as possible.

Mr. Martin: My hon. friend has not got the same trouble I have. He should not be worrying about slimming; he should be worrying about eating all kinds of things, including all kinds of bread.

Mr. Fleming: Do you charge for that prescription?

Mr. Knowles: We will come to that on the item covering nutrition. I am sorry to see it is being reduced and I suppose that is being done because the minister is desirous of moving in that direction.

Mr. Martin: No, I have a perfectly good answer to that.

Mr. Knowles: The minister said that at the conference on April 8 there were representatives of the milling people, the bakers, somebody else, and the consumers. Could he tell us who represented the consumers?

Mr. Martin: I cannot tell you at the moment but I will make sure you know before the day is over.

Mr. Fleming: Before the sun sets.

Mr. Knowles: In characteristic fashion.

Mr. Cruickshank: I would like to ask one question, if the other great representative of labour over there will let somebody else have two minutes out of the day. I might say I just got a card sent in to me indicating that a gentleman from his riding wishes to meet me. He represents a bulldozer company.

Mr. Hees: He has been sent to the right man.

An hon. Member: A spreading company?

Mr. Cruickshank: They do not need to "spread" in the Fraser valley. They do in some of the Kootenay districts and around here. If you look out at the gardens today you will see we have that kind of soil and the people to spread it.

The question I want to ask, and to which I would like a "characteristic" answer, concerns previous discussions and statements from the minister's department about certain hospitals. What steps are taken to check and examine oils brought in from low standard of living countries for the manufacture of margarine? Are they examined here? Are they examined in other cases at the port of export to our country?

Mr. Martin: All foods that are imported are examined.

Mr. Cruickshank: Where?

Mr. Martin: At the port of entry.

Mr. Harkness: On a point of order, I would ask the minister to address the chair. When he turns in that manner we cannot hear his answers.

Mr. Martin: I am sorry. I should have done so, but on one occasion an hon. gentleman criticized me for not looking at him and I did not want to be guilty of that again.

Mr. Cruickshank: I do not take up as much time in a whole week as the member for Winnipeg North Centre takes in every twenty minutes, but I would like to know just how thorough an examination is made of these oils.

You may think I am a margarine hater but we heard the member for Danforth, who has been in those countries, tell of the way oils used in the manufacture of margarine are produced. The member actually saw those oils produced and I want to make mighty sure there is a full check made on these cheap oils which come in to make this imitation food. Could I have the assurance of the minister that no diseases can be spread in Canada through this importation?

Mr. Martin: I can tell my hon. friend that every food, or any substance which is consumed by the body in any way, or which is placed on the body, are examined. Those samples are sent down to one of our food and drug laboratories. I would invite hon. members to go down to see the food and drug laboratory here in the city of Ottawa. When they see the work that is going on there they will get their eyes opened—and there is very little known about it. It is a very great service and my hon. friend may be assured that our examination is as thorough as is humanly possible.

Mr. Cruickshank: On every shipment?

Mr. Martin: On samples of every shipment that comes into the country.

The Deputy Chairman: Shall the item carry?

Item agreed to.

270. Administration of the Opium and Narcotic Drugs Act, $160,372.

Mr. Fleming: This item relates to the administration of the Opium and Narcotic

Drugs Acts. One reads in the report of the department at page 78 that:

> Departmental activity in narcotic drug control work, carried on through the division of narcotic control, includes maintenance of control over narcotic drugs required to meet the domestic needs and co-operation with the R.C.M.P. and other enforcement agencies in suppression of illicit traffic.

Then there is this interesting paragraph:

> Addiction is known to have increased during the year, partly due to the availability of substantial quantities of heroin which have been smuggled into the country, and partly to general high levels of prosperity and consequent increased earning power of addicts and potential addicts.
>
> It is known that little if any of the heroin imported for medical requirements has been diverted for illicit use, yet enforcement officers are continuing to encounter substantial amounts of this drug. The ease with which it can be obtained illegally, combined with its satisfying addiction properties, has resulted in heroin to a large extent replacing opium and morphine in illicit traffic.

If one turns to the tables at the back of the volume, pages 114 to 116 and particularly the tables on pages 115 and 116, it would appear that codeine, at any rate, is consumed in infinitely greater quantities than any of the other drugs. That is just an observation in passing.

I believe, Mr. Chairman, we are all deeply concerned about reports we read in the press all the time concerning addicts, particularly juvenile addicts. These reports appear in the press with increasing frequency, and while many of them come from the United States we are finding also that these reports are appearing in disturbing numbers in our own press, as indicating a condition that exists in some cities. While I appreciate that the enforcement of these matters is largely in the hands of the Royal Canadian Mounted Police, I am sure that the department, through the division of narcotics control, must be watching this situation very closely.

I read with interest a Canadian Press dispatch of September 26 last, emanating from Ottawa, to this effect:

> Officials of the federal health department and the British Columbia government are considering the possibility of establishing an experimental centre on the west coast for the treatment of drug addicts.
>
> A decision may be reached shortly, an official of the health department said today. He was commenting on a Vancouver dispatch Tuesday night which quoted police chief Walter Mulligan as saying he believes the federal government will establish an experimental treatment centre for drug addicts in British Columbia.
>
> The federal official said discussions have been going on for some time with the British Columbia government. The governments felt some effort should be made to rehabilitate addicts, convicted and sentenced to jail on narcotic or other charges. No centres now exist in Canada for such treatment.
>
> The centre in British Columbia might take the form of a detention hospital, operated by the province and partially financed by the federal government. The provinces are responsible for persons sentenced to jail and the federal government for those sentenced to penitentiary.

I would ask the minister if he will make a report to the committee on the success of the work of this particular division of his department under present conditions, and in the second place a report on the specific problem of establishing an experimental clinic for drug addicts.

Mr. Murray (Cariboo): Before the minister does give his report, I want to make a few observations on this vote. I believe it is wise to be vigilant and try to prevent the importation, and of course the use, of illicit narcotics in this country. In recent years, as our relationship with the Pacific countries has been drawn more closely together, we are brought in touch with the origin of this terrible curse, because most of the opium is at present being grown and processed across the Pacific. Not many days ago I was speaking to a responsible officer who had returned from the Far East. He stated that narcotics were being distributed by the red army to their troops in order to build up their morale, and stimulate them to high endeavour when they made their mass attacks against the United Nations forces in Korea.

It was only a few years ago that the Japanese were greatly interested in the narcotics business. In their struggle to obtain control of China, they sought to corrupt the Chinese by the free distribution of heroin and other narcotics on the streets of Hong Kong and other ports. It was a studied policy of trying to undermine the morale of these people. The generalissimo of China is the only man of whom I know who had any effective way of curing addiction to these narcotics. He passed a law that the Chinese addicts who were found must be taken outside the city walls and have their heads cut off. Not many years ago there was an opium factory in Vancouver, and opium and these other narcotics were regarded as regular items of commerce between the nations.

We are indebted to the work of the late Prime Minister Mackenzie King, who proceeded to a conference in Shanghai in 1900, and to others, for an effort to control illicit traffic in narcotics throughout the world. As a result of the work done there, later followed up by the league of nations and now being further carried out by the United Nations, a strong effort is being made to control international trade in narcotics. We in British Columbia, with all our ports on the Pacific, are of course vulnerable to the

importation of these narcotics. An examination of our jail statistics, penitentiaries and schools for the correction of young men and women, will show that there is a very widespread addiction. I hope that the minister will give this matter greater attention, and that the vote may be increased.

In this connection I want to point out the good work that has been done by the attorney general of British Columbia, the Hon. Gordon S. Wismer, who has almost made it a life work to try to clean out peddlers and dealers in narcotics in the province of British Columbia. If we could suppress this thing we could take a great load off the taxpayers of this country. I want to say to the minister that some of these milder forms of sedatives, to my mind, are the thin edge of the wedge in popularizing the use of narcotics. I know that medical men prescribe these things, and in most cases there is a general addiction to headache wafers and to certain kinds of pills and other things which are readily available. I urge the minister to use every effort to get at the root of this thing, and purge Canada completely of the commerce of illicit narcotic dealers.

Mr. Martin: I want to say to the member for Winnipeg North Centre that the consumers were represented at the conference mentioned on the last item by Mrs. W. R. Walton, president of the Canadian Association of Consumers, Mrs. Herbert Kemp and Miss Grace Sharp of that association.

I thank the hon. member who spoke last for his contribution. He may be assured that this problem, in its serious import, is fully appreciated by the officers of my department and myself. This is an important problem which has to be dealt with, not only by way of domestic but as well by way of international arrangements. We have been a member of the various narcotic conventions since their inception, both under the league of nations and now under the United Nations. Our officers have been recognized as very useful collaborators at that end. The problem of barbiturates is one that we are continually considering. My hon. friend knows, of course, the requirements as to prescriptions in that regard. However that phase of the matter is receiving our full attention. I fully agree with him as to what he said about the attorney general of British Columbia. That gentleman has evinced a very considerable interest in this whole problem, not only because of where he lives but because, I would suppose, of his own professional experience as well. He has given my officers and me the greatest measure of co-operation, as indeed have all the attorneys general in our ten provinces.

I think it would be wrong to let the wrong impression go out from this chamber—and I am sure the hon. member for Eglinton did not intend that it should; there was some justification for what he said, because of press comment—but I should not like to have the wrong impression go out. While the situation is serious, and will continue to be serious as long as people are using narcotic drugs illicitly, the situation is not one which would justify anyone saying that our teenagers, our young people, are using these drugs in improper quantities.

In fact, when these stories began to appear, I was concerned about the matter, and made inquiries in the two centres in the United States which may be regarded as the chief centres for the distribution of these illicit drugs. I am satisfied from my contacts there, and from what I know in this country, that those stories do not represent a situation that could be characterized in the generally exaggerated terms used. This does not mean to say that there are not cases—because there are. The use of codeine, of course, is not due entirely to illicit use, because codeine is found in medicines in common use. That explains in some measure the considerable use of this product.

One of the serious situations—and I hope what I say in this regard will get outside the chamber—is the development of some of the synthetic chemicals possessing potential addiction properties. They have no relation whatsoever to opium, the poppy or the coca plant. Those people who may be interested in this synthesis may be sure that the officers of the Royal Canadian Mounted Police, of the Federal Bureau of Investigation in the United States, and the national revenue officers are aware of this situation. We may not know where all the centres are; but this matter is one that is being closely followed, and will be prosecuted with all the might that Canada and all other nations combined can bring to bear upon this unfortunate development. At the moment I shall not say more on this subject; but I do hope that what I have said will reach the proper sources.

The hon. member has directed my attention to the treatment of addicts in British Columbia. In the United States there are two centres, one located at Lexington and one at Fort Worth, where for ten or twelve years they have carried on treatment on an experimental basis. It was proposed that we should establish a similar centre in Canada. I was sympathetic with that point of view and that objective, because it is one thing to stop the use of these illicit drugs, one thing to find the person who sells them

illicitly, and quite another to deal with curing those unfortunate individuals who become victims.

Provincial departments of health—and in this I include Mr. Wismer in British Columbia —have been interested in surveying this problem. I have sent two of my senior officers to visit both these institutions and to see the work done. Without deprecating what is being done there, I am afraid the evidence thus far does not support the claims—well, I shall not use the word "claims"—does not support the complete success of these ventures.

The cost is very considerable indeed and, on the basis of present evidence the results do not strike us as being fully satisfactory. However this is a problem which must be faced, and we are studying it.

Mr. Fleming: From what the minister has said I take it that there is no basis for the report issued on September 26?

Mr. Martin: I have not seen that report. What is it?

Mr. Fleming: I read it during my remarks a moment ago.

Mr. Martin: It would be correct to say that we are trying to work out some scheme.

Mr. Fleming: This went so far as to say that the officials of the federal health department did consider the possibility of establishing an experimental centre on the west coast for the treatment of drug addicts.

Mr. Martin: It is true that such consideration is being given.

Item agreed to.

Indians and Eskimos health services—
271. Operation and maintenance, $11,518,246.

Mr. Harkness: I notice that the vote for this item has gone up every year in the last five or six years, and I believe that as a result of that the health of Indians and the facilities for caring for them when they are ill have improved. I should like to compliment Dr. Moore, of the health of Indians branch, upon the work he has done in improving health services for our native population.

The increase this year in items 271 and 272 amounts to nearly $2 million, and that would seem to be a satisfactory situation. However, an examination of the details makes one wonder whether there has been or is likely to be a parallel increase this year in the health services provided for Indians. In looking over the details I notice there is an increase of only one medical officer. The number of graduate nurses is up from 236 last year to 261 this year. In my view that is a commendable change. I am glad to see the health of Indians branch securing the services of more graduate nurses. That is one of the ways in which the health of Indians is likely to be improved.

While I am on my feet I shall ask several questions, following which the minister can answer. The first of these questions is as to where the extra number of graduate nurses are to be employed. What is their use? Are they to be used in hospitals or at the nursing stations scattered about in various places?

Another of the details shows that ward aides and housemaids are to be supplied in greater number. I do not know the extent to which that would improve the health of Indians and I would ask the minister to comment on this point. How many of these ward aides and housemaids are Indians. One of the great weaknesses in the Indian affairs branch, it seems to me, is that an insufficient number of Indians are employed in this type of work when, in many cases, they could be employed satisfactorily. Thus far the number of Indians employed has been small indeed. That is one weakness which in the past has affected the Indian health service, and we should be making every improvement to get away from that condition.

Then I notice an item for firemen-labourers, which is increased from 22 to 45. How many of these are Indians? I find it difficult to understand why the number of firemen-labourers would have to be increased to more than double what it was. I also find it a little difficult to understand how this considerable increase in expenditure is going to improve the general health of the Indian population, or the way in which they are cared for.

Taking the whole list of details altogether, under the general heading that is given here for operation and maintenance, salaries and so on, you will find that the amount has gone from $2,531,000 odd to $3,217,000 odd or an increase of approximately $700,000. Then there is a note which says that $193,000 is for increases in the rates of pay. In other words, the rest of it is for new people that were taken on since last year. I was somewhat disturbed to find that for these new people taken on there was an expenditure of over $500,000, or an increase in expenditure of over half a million dollars. In that amount there was only one more medical officer and there were some twenty odd more nurses. It seems to me that it is out of proportion when the expenditure of that $500,000 is not going to result in a parallel improvement in the health of the Indians or the facilities for taking care of them. It disturbs me more, if that is the case, which

is the conclusion that one would perhaps draw from this without any further explanation of it.

Another matter that I want to ask the minister about is the situation in regard to tuberculosis tests. We had some discussion on that last year. The minister gave us the figures of the number of people tested last year, the number tested to date and the incidence of tuberculosis in our Indian population. As is well known, the incidence of tuberculosis in the Indian population is very many times that of the rest of the population. It has been one of the greatest cripplers and killers so far as Indians are concerned, and is the greatest plague from the medical point of view which has to be fought by the particular branch whose estimates we are now considering. I would hope that the minister can produce figures which will show some improvement in the incidence of the tuberculosis rate from last year, and also that the program of chest X-ray of Indians has been completed. It certainly has been in process for some considerable time and should be completed by now.

In addition to the specific questions which I have asked at this point, perhaps it might be possible for the minister to make a general statement in regard to the affairs of this particular branch of his department; in other words, what has been accomplished by this branch throughout the year, and so forth. That might expedite proceedings by making it unnecessary for a number of questions to be asked which otherwise would have to be asked.

Mr. Martin: I thought there might be some other questions, and I would deal with them all.

Mr. Harkness: I have quite a number of other questions that I should like to ask.

Mr. Martin: With regard to the nurses, three of them will go to the three new nursing stations which are located at Lansdowne House, Onion Lake and Pikangikum. The other one will go to Sioux Lookout. The one medical doctor to whom my hon. friend directed my attention is also at Sioux Lookout. My hon. friend had the same reaction as I had when these estimates were submitted to me. I looked at the situation from the point of view that he himself has done by seeing where the new medical personnel was going to go rather than to study these occasional workers, and so on.

As my hon. friend knows, most of the medical staff that we use are not permanent; that is to say, they are not departmental. They work on a fee basis. We have some sixty doctors of our own in our own hospitals and here at the centre. We cannot go and develop these hospitals as we are developing them, the one at Charles Camsell, the one at Moose Factory, the one at Sioux Lookout, the one at Coqualeetza, the one at Fort Qu'Appelle, the one at Nanaimo, overnight. As my hon. friend has said, the great hospital program is one that is having tremendously satisfactory results in tuberculosis, as he knows from his knowledge of the problem. But unfortunately, the moment you build one of these institutions, with it must go all sorts of help to maintain the institution. My hon. friend is quite correct in saying that 40 per cent of the increase in this vote is in salaries.

There was one other question, but I forget what it was.

Mr. Harkness: I referred to housemaids, ward aides and firemen-labourers.

Mr. Martin: These are staffs that our officers deemed necessary to carry on the proper functioning of the hospitals. My hon. friend knows something of some of the hospitals in Alberta. As he knows, they are good hospitals, and there is no over-extravagance. They are not comparable in some respects with the material set-up of corresponding institutions, although the service is good and is one that this country can be proud of, in keeping with its duty, responsibilities, and one that we ought not to be afraid to boast about to nations of the world who complain that the western nations do not treat their native populations as they should.

The results of this whole program are seen, as my hon. friend mentioned, in the reduction of the tuberculosis rate. There is no doubt that tuberculosis among Indians is a very serious problem. And while we cannot always measure achievement by financial expenditure the fact is that since the government of Canada did take this increased interest in the problem of the native by building these new hospitals at very considerable expense, by the increase of staff—when you think that the budget now is some $13,500,000 for Indian help, and five years ago it was around $2,500,000, you cannot help seeing that there is a tremendous increase in the expenditure, and I think the results more than demonstrate what is being done.

We have not by any means successfully tackled this problem, but from coast to coast, through the private practitioner, the doctor, the nurses, those permanently and those part-time engaged in our services, by the results of the researches that are going on in tuberculosis, the co-operation with the provincial departments of health and so on, we are able

to present I think a very satisfactory position. The death rate for tuberculosis has dropped 45 per cent in Indians, in five years. That is a tremendous achievement. It is not one for which I am taking credit or one for which I am seeking to give full credit to our officers. It is the result of combined effort on the part of many agencies. I could mention many. I am thinking now of the late Dr. Fred Tisdale of the Toronto Sick Children's Hospital, who devoted so much of his time and so much of his own resources to this problem. I mention this simply because he passed away two years ago and I neglected on that occasion to pay him the tribute that he deserved in connection with this program. He was associated with Dr. Vivian who, along with our own Dr. Moore, made that very important survey on Indian health that gave us the guide for much of the work that we have been able to do.

The statistics are as follows:

Per 100,000 population	1946	1947	1948	1949	1950
Indian	579·1	549·8	480·1	399·6	298·8
White	41·9	38·2	32·4	26·7	22·0
All Canada ..	47·4	43·4	37·0	30·4	25·9

I think those figures speak for themselves. All we can hope to do is continue with this program. We have under project for this year the construction of a modern hospital at Norway House in Manitoba, which will be of interest to the hon. member for Selkirk.

Mr. Bryce: When will the opening take place?

Mr. Martin: We will try to make it convenient for my hon. friend and myself. Then we have in mind the restoration and rehabilitation of the Coqualeetza Indian hospital, which is a 170-bed hospital. Also additional staff quarters at our Moose Factory hospital, a power house and laundry at the Coqualeetza Indian hospital, additional staff quarters, nurses' residences, and health centres in certain isolated districts throughout the country are being constructed.

I think the committee may rest assured that the tribute paid to Dr. Moore by the hon. member for Calgary West is most deserved. The work he and his officials are doing under this program deserves the tribute which has been paid.

Mr. Harkness: The minister has given us an interesting review, but he has not answered specifically a number of the questions which I asked. Were the 25 graduate nurses taken on the staff this year all placed in the three nursing stations he referred to?

Mr. Martin: They went all over. I mentioned three new nursing stations, but these graduate nurses have been distributed among all our centres.

[Mr. Martin.]

Mr. Harkness: Were any new hospitals opened during the year?

Mr. Martin: No.

Mr. Harkness: Only three new nursing stations were opened.

Mr. Martin: That is right.

Mr. Harkness: The remainder of this increase in staff went to augment the personnel of existing hospitals?

Mr. Martin: Yes.

Mr. Harkness: I asked how many ward aides and housemaids were Indians.

Mr. Martin: The number fluctuates, but at the moment there are 66 natives on the staff. I fully agree with my hon. friend that we ought to make every endeavour to have as many of the native population as possible serve in this capacity. We have taken steps to get young girls to go into nursing training and have encouraged them in every way. Our success in that regard is not what I would like it to be by any means, but my hon. friend may be assured that that is the policy we are pursuing. Where possible we employ native personnel in all ranks.

Mr. Harkness: Are these 66 native employees the only ones in the department?

Mr. Martin: There are 66 more this year.

Mr. Harkness: What is the total number of ward aides and housemaids who are Indians? I understood the minister to say the total number of Indians employed in the branch was 66.

Mr. Martin: No; if I did I was in error. I thought my hon. friend asked how many more we had taken on this year. That represents the largest increase in any of the six years during which I have been connected with the department. We now have about 212 Indians in our service, although the number fluctuates.

Mr. Harkness: How many of the firemen-labourers mentioned on page 335 are Indians? I notice that there were 22 last year as compared with 45 projected for this year, with the cost being more than doubled.

Mr. Martin: Last year they were casuals but now they are permanent civil servants. As my hon. friend knows, they must go through a period of probation. They are not extra people.

Mr. Harkness: It is just a change in classification?

Mr. Martin: That is right.

Mr. Harkness: I am sorry to see that while the incidence of tuberculosis among both

white and Indian populations has been reduced considerably since 1946, the incidence among Indians is still about 14 times what it is among the white population. There does not seem to be any improvement from that point of view. In other words, percentagewise the situation is just as bad as it was.

Mr. Martin: That is true, but the improvement has been more rapid among Indians than among whites. I forgot to answer one question about X-ray examinations. Chest X-ray examinations have been made of almost 75 per cent of the Indian population.

Mr. Harkness: When the minister says the improvement among the Indians has been better than among the whites—

Mr. Martin: I said more rapid.

Mr. Harkness: That is not correct. It is just the opposite; it has not been as rapid. Taking the minister's own figures, the incidence among the white population in 1946 was 41·9—

Mr. Martin: I was talking about the five-year period.

Mr. Harkness: —per 100,000; in 1950 it was 22. In other words, it was cut down to just about half, but it has not come down that much as far as the Indian population is concerned.

Mr. Martin: There has not been the same reduction in the white population over the five-year period that there has been with the Indians.

Mr. Harkness: If these figures are correct it would indicate that the situation has improved more in connection with the white population than it has with the Indians. I think that is still most unsatisfactory. I think everyone is glad that the rate per 100,000 has fallen from 579·1 in 1946 to 298·8 in 1950 as far as the Indians are concerned, but there is no room for congratulation when their rate is still about 13 times that of the white rate. The comparative rates have not improved during that period, which would indicate that there is room for a wide field of activity in stamping out tuberculosis among the Indians.

Mr. Martin: No doubt about that.

Mr. Harkness: The minister said something about the X-ray examination program among the Indians. I do not understand from what he said whether or not all Indians have now been chest X-rayed.

Mr. Martin: This past year 75 per cent of the Indian population of 135,000 have received X-ray examinations.

Mr. Harkness: Is that the aggregate figure up to date? If so, there are 25 per cent of the Indians who have not yet been X-rayed.

Mr. Martin: That is this past year.

Mr. Harkness: What I am trying to get at is whether 75 per cent of the Indians were X-rayed last year or whether that is the aggregate figure.

Mr. Martin: Last year roughly 75 per cent of the native population of the country received X-ray examinations. It is not stopping; it is unending.

Mr. Harkness: I know that, but can the minister tell us what proportion of the Indian population has never had any X-ray examination?

Mr. Martin: Before we built the big hospital in the James bay area I can tell you, as the Vivian report pointed out, that the picture was one of which no one had reason to be very proud. I cannot give you the exact details of the numbers who have never been examined.

Mr. Harkness: The reason I am asking these questions is because I am afraid that what happens is that the same people were X-rayed this year as were X-rayed last year. That is quite all right and is necessary in a large number of cases. I am not complaining about that, but what happens is that people who have never been X-rayed continue without being X-rayed. The result is that a large section, probably some 20 per cent on the basis of the figures the minister has given, has never been X-rayed and tuberculosis still runs wild amongst them to a large extent.

Mr. Martin: We are extending our services as fast as we can.

Mr. Harkness: What I should like to know from the minister is what steps are being taken to cover the 20 per cent who so far, shall we say, have escaped his toils in this regard.

Mr. Martin: We are seeking to extend our services just as quickly as we can get personnel and the money to do these things. I agree 1,000 per cent with everything my hon. friend has said. I read an editorial the other day in which someone was referring to the money we were spending on Indian health. I am going to send that editorial to my hon. friend, and I hope he will be good enough to join with me in writing to the editor and explaining why we are spending it. We can extend these services only if we have more personnel and equipment, but that costs money. The government has to take into consideration its over-all obligations. I regard

this as one of the most important. I thank my hon. friend for giving the support to this measure that he has, and I know that if the budget is increased next year he will agree with me that it is a perfectly legitimate expenditure.

Mr. Harkness: As the minister has indicated, not only have I never criticized any increase but in most years I have asked for a greater increase because I am aware of the crying need for the expansion of Indian health services. I have another question of a different nature. The amount appropriated last year, as shown at page 41 of the estimates, was $9,875,000 for operation and maintenance and $1,609,000 for construction or acquisition of buildings. In the table the minister put on *Hansard* last night the figure for expenditures for operation and maintenance is $10,735,000 which is just about $1 million more than we voted. The figure for construction or acquisition of buildings is $924,000 which is $700,000 less than we voted last year. Can he explain how he got the extra money in the one case and what happened to the remainder of the vote in the other case?

Mr. Martin: In the first case we got almost a million dollars in the further supplementaries last year.

Mr. Harkness: They are not included here.

Mr. Martin: No. As to the $700,000 in the other case, the answer is that it is due to construction delays.

Mr. McIvor: As an Indian chief I congratulate the minister for the statement he has made that 75 per cent of the Indian population have been X-rayed. Is that true?

Mr. MacDougall: Ugh!

Mr. Martin: As an Indian chief I thank you.

Mr. McIvor: We are in the same boat. I doubt whether 75 per cent of the paleface population of Canada have been X-rayed.

Mr. Carroll: I should like to ask the minister—

Mr. Knowles: Are you an Indian chief?

Mr. MacDougall: If you are not an Indian chief then don't enter this debate.

Mr. Carroll: There are two main reservations in Nova Scotia, one at Eskasoni and the other at Shubenacadie. I should like to ascertain from the minister how the department is doing in gathering all the Indians into those two reservations. The reason I ask the question is that there was a reservation at Whycocomagh and the Indians there were inclined to go to Eskasoni.

[Mr. Martin.]

Mr. Martin: My hon. friend will appreciate that is a matter for the Indian affairs branch. That does not come under me.

Mr. Carroll: You handle the maintenance of these Indians.

Mr. Martin: Just health.

Mr. Harkness: In connection with the exchange which has just taken place between two Indian chiefs, as just an ordinary Indian I should like to make a remark. It is simply "ugh".

Mr. MacDougall: That has long since been remarked.

Mr. Harkness: Looking at the details on page 336 I see that the estimate last year for travelling expenses was $115,000 and it is the same for this year. How much of the $115,000 last year was actually expended?

Mr. Martin: The amount expended was $169,000.

Mr. Harkness: Then if $169,000 was required last year why do you keep using the same figure of $115,000? Do you expect there will be considerably less travelling this year than last?

Mr. Martin: We are hoping to cut our travel costs, but I am afraid we are going to have to ask for supplementaries.

Mr. Harkness: I should like to comment that I think the figure that is put in the estimates for our consideration should be one that bears a fairly close relationship to the experience of the department under this particular item in the previous year. A general figure should not be put in the estimates which is the same this year as last year, but rather a figure which the department thinks represents the amount they will actually expend.

Mr. Martin: It is pretty difficult to foresee an epidemic, you know.

Mr. Harkness: I would complain somewhat about that method of preparing the estimates. Underneath that there is an item for educational and informational publications. Last year the amount was $3,500 and this year it is $5,000. Would the minister tell us what those publications are and for whom they are designed? Are they for the education of the Indians, or to educate the white people about the Indians?

Mr. Martin: My hon. friend was here last night when the hon. member for Eglinton was engaged in criticizing one of these publications. I will ask my hon. friend who has just spoken for whom he thinks they were designed, if he was criticizing the low I.Q.

quality of them. Obviously they are directed to try to reach the population concerned. The item involves film strips, posters and displays, one poster on a proper breakfast, one poster on a proper lunch, one poster on a proper supper and two placards done in a form and employing techniques that it was thought would reach the population concerned. The same is true of the film strips.

Mr. Harkness: You are now talking about the next subitem, educational and informational material other than publications, $10,000, are you not?

Mr. Martin: I thought you were talking about that.

Mr. Harkness: No, the $5,000 item.

Mr. Martin: That is an instructional handbook on practical hygiene that we have put out for the Indians.

Mr. Harkness: It just covers one publication?

Mr. Bryce: I wonder if the minister would tell us something about what happened to the four Indian girls who were sent to Australia to take a midwifery course. That was an experiment, and I would like to know whether it worked out well or whether it was a failure. I think it was about three years ago that they were sent to either Australia or New Zealand.

Mr. Martin: There were four of them.

Mr. Bryce: Yes.

Mr. Martin: One of them is now in our employ at our hospital at Fort Qu'Appelle, Saskatchewan. I am sorry I cannot say what has happened to one of them but two did not come back.

Mr. Bryce: Was it New Zealand they went to?

Mr. Martin: Yes.

Mr. Catherwood: Would the minister comment on the position of the Eskimos now? A report came out in the newspapers expressing some concern about the health of those people. We do know that the Eskimo is a declining race but I wonder if the minister would say a word as to their health?

Mr. Martin: The Eskimo is not now a disappearing race of human beings. Their population is increasing at the rate of about 1½ per cent per year now. Undoubtedly that is due to improved medical attention, although we are not reaching them as effectively as we might because of the location of the population. There are about seven or eight thousand Eskimos, and with the moneys and facilities at our disposal, we are greatly interested in their welfare, as we are interested in the welfare of the Indians.

Mr. Harkness: There is just one other subitem about which I would like to ask. I see that laundry and other sundry items is down from $130,000 to $100,000. That laundry bill, I presume, is for washing sheets and so on in the hospitals. I was just going to ask the minister in what way it was cut down. The answer might prove an example to other departments.

Mr. Martin: My hon. friend will remember the discussion in the house last year and how one hon. member criticized the request for moneys to purchase some laundry machines. There was one we were putting in at a cost of about $60,000. We installed one at Nanaimo with another one at Coqualeetza, and another one at Fort Qu'Appelle. We have cut down the bill because we are doing our own laundry with good machines.

The Chairman: Shall the item carry?

Item agreed to.

Indians and Eskimos health services—

272. Construction or acquisition of buildings, works, land and new equipment, $1,814,400.

Mr. Harkness: Would the minister tell us what the construction or acquisition program was last year? In other words what buildings were actually acquired or built, and what is the program for this year?

Mr. Martin: I gave the program for this year.

Mr. Harkness: I do not remember that.

Mr. Martin: I did when I answered you earlier. I mentioned Norway House, Sardis, and the power house at Coqualeetza. I gave you that. Construction last year was: an enlarged health centre at Hazelton, British Columbia; a laundry building at Nanaimo, British Columbia; major repairs at Miller Bay, British Columbia; completion of the hospital at Hobbema, Alberta; extensive progress on the addition to the hospital at Fort Qu'Appelle, Saskatchewan; extensive progress in the construction of a hospital at Norway House, rehabilitation, Fisher river Indian hospital; completion of health centres at the following places: Lansdowne House; Pikangikum, Ontario; Christian Island, Ontario; Ruperts House; Seven Islands, Quebec; and Shubenacadie.

The Chairman: Shall the item carry?

Item agreed to.

273. Special technical services, $401,710.

Mr. Knowles: There has been a change in the form of the estimates in respect of this item from last year. Last year "special technical services" was the heading of a group of estimates and then we had the following items under that in the main part of the book of estimates: nutrition, child and maternal

health, venereal disease control, dental health, hospital design and consulting service, mental health, blindness control, and civil aviation medicine.

Only one of those items listed in the main estimates last year still remains in the main estimates this year. We have already passed that item—item 268, epidemiology, including the former venereal disease control. When one looks for those other items that were listed in the main estimates last year he finds them now merely as details in the back of the book; in this instance they are to be found on page 337. I would be glad to have the minister's comment as to why this change was made. It seems to me it was better to have those individual sections of the work of this branch listed in the main items themselves.

While I am on my feet I should like to say a bit about one of the special technical services. They are broken down into details in two ways. First of all they are broken down in regard to the various types, and then they are broken down again in these various headings: nutrition, child and maternal health, etc. My question relates to one of the sections, namely nutrition. As I indicated to the minister when we were back on another item, there has been a reduction in the amount allotted for nutrition from $144,069 to $122,358 this year.

It seems to me, Mr. Chairman, this is a field in which very useful and worth-while research could be pursued. I think we are realizing more and more that preventive measures in the field of health do improve with studies in proper nutrition. I have read with interest the section of the last annual report, under the heading of nutrition, found on pages 44 to 46. While I find it interesting, it seems to me from reading that section that with a little more money and a little more encouragement still more might be done by the nutrition division of the department. Here is a paragraph on page 45 that I will call to the minister's attention:

> The table of food values recommended for use in Canada was first issued in 1946 because no compilation of Canadian information on this subject existed. Even now only some of the figures are strictly Canadian. A special design for this booklet was developed and much new information was obtained on weights and measures of foodstuffs. A complete revision was carried out during the year and calorie values were recalculated in terms of the new factors recommended by the food and agriculture organization.

I suggest, Mr. Chairman, that this is a field in which more research might be done and in which valuable information might be made available to our people. Surely nutrition is basic to our health. In connection with the comment the minister made a little while ago, I may point out that health should not be judged by girth—mine as against his—

Mr. Martin: Mine is like yours.

Mr. Knowles: We have come a lot closer together in the last couple of years.

Mrs. Fairclough: Is that good?

Mr. Knowles: Whether it is good or not depends on how that relationship is defined. At any rate, he is much thinner, and I have not gone the other way. Further in this same section on nutrition I note this:

> Only one nutrition survey was carried on during the year, the study of a typical county in southwestern Ontario, carried out in the Elgin-St. Thomas health unit. Such surveys, the most extensive work of this type now being done in Canada, are carried on as a co-operative effort by the federal, provincial and local governments and serve to stimulate interest in nutrition and health generally. At the same time, by screening a group for nutritional defects, they assist in estimating the extent of malnutrition existing in Canada. If carried out in areas selected as being typical of the country as a whole, as recommended by the Canadian council on nutrition, such surveys would provide a comprehensive over-all picture of nutritional conditions in Canada.

The wording of that paragraph implies that more could be done, and if more were done it would be useful. The inference is that when those who wrote this report endeavoured to put down what work is being done under the heading "nutrition" they had to admit that it left room for much more work to be done. That being the case, I do not like to see the amount being reduced. I want to emphasize the fact that, as I see it, our interest in nutrition should not be only in obvious cases of malnutrition, but our interest should be in finding out what are the best types of foods for us to be eating for the development of the health of our people. I would be glad to hear from the minister on these various points.

Mr. Martin: The consolidation of these votes took place because it is part of our general policy to absorb the funds of these divisions into one main vote. We have been able to save about $14,000 as a result of that effort. I would hope to hear a lot of tributes paid to that effort, because it has not in any way interfered with the objectives which we had in mind.

I can tell the hon. member that if there was a reduction in the federal item, it does not in any way represent a lessening of activity. We feel we have on hand sufficient stocks of certain informational material to cover our operations for this year, and that is largely the reason for the reduction. We had more than one survey under way this year. There was the one to which my hon. friend referred, and there has been a nutritional survey going

on in Manitoba dealing with dental conditions and so on. Last year was the fourth of a five-year study at six Indian schools, and there was also a survey dealing with nutritional therapy for blindness. In 1952-53 we have in mind three more nutritional surveys, one among Quebec school children. Then we have a project for a mental and dental examination at six Indian residential schools, which will complete the five-year study. Then there will be a continuing study of blindness, including nutritional therapy. The hon. member may be sure there is no lessening of the work of this division.

Mr. Knowles: That is the same answer the minister gave me the last time I complained about a reduction in the amount for this division. I hope that is the case, but as I say my reading of the latest report available suggests that there is room for more activity there. In the light of the paragraph of the report which says that even now only some of the figures in the table of recommended food values are strictly Canadian, may I ask the minister whether there has yet been prepared a strictly Canadian table of recommended food values?

Mr. Martin: No.

Mr. Knowles: Does the minister not think it might be a good idea to pursue that project?

Mr. Martin: My hon. friend knows that no one on the continent has a better reputation as a nutritional expert than Dr. Pett. He has made no submission to me that I have turned down.

Mr. Knowles: But the minister has turned down some of my submissions.

Item agreed to.

274. Health insurance studies and administration of general health grants, $74,305.

Mr. Hees: This is the item, Mr. Chairman, upon which the minister last night suggested we continue our very interesting discussion on health plans.

Mr. Martin: No, I did not say that.

Mr. Hees: That was my understanding.

Mr. Martin: What I said was that I would be glad to give my hon. friend a further explanation of my statement that his proposal did not appear to me to be satisfactory. That is quite different from the general debate on the item, upon which we have already had a general discussion.

Mr. Hees: Then I shall deal with a couple of matters we discussed in regard to my proposal, which I understand the minister is quite agreeable to discussing now. In describing the plan that has been in operation in Sweden for the past 25 years when I was speaking last night I said the following, as found on page 2952 of *Hansard* for June 5:

> It calls for the patient to pay 25 per cent of the doctor, dentist or hospital bill, with the remaining 75 per cent to be paid out of a health insurance fund maintained by regular contributions by all those who are financially able to contribute. The 25 per cent which is paid by the patient—

Then the minister interrupted and said:

> It is the other way around.

As I understand that, Mr. Chairman, the minister implies that under the Swedish health insurance plan the patient pays 75 per cent of the cost of the doctor, dentist, or hospital bill, and the health insurance fund pays 25 per cent; is that correct?

Mr. Martin: That is right.

Mr. Hees: Now, that is very interesting—

Mr. Martin: I misunderstood the question. What was the question again?

Mr. Hees: In outlining the plan, I said the following:

> It calls for the patient to pay 25 per cent of the doctor, dentist or hospital bill, with the remaining 75 per cent to be paid out of a health insurance fund maintained by regular contributions by all those who are financially able to contribute. The 25 per cent which is paid by the patient—

Then the minister interrupted and said:

> It is the other way around.

The question I just asked the minister was, is it correct that he claims that under the Swedish plan the patient pays 75 per cent?

Mr. Martin: No, no; the patient pays everything, and then he gets a two-thirds refund.

Mr. Hees: The minister said it was just the other way around, implying that the patient pays 75 per cent.

Mr. Martin: No.

Mr. Hees: What else does that mean, if it is the other way around.

Mr. Martin: You take it as you want it, but I am telling you what the facts are. I am trying to help my hon. friend.

Mr. Hees: I am trying to straighten the minister out. He interrupted a quite sensible plan that I was putting forward—

Mr. Martin: I do not agree that it is a sensible plan. I do not want to adopt it.

Mr. Hees: I did not say the minister did want to adopt it. I am putting it forward as what I think is a sensible plan.

Mr. Martin: Does it represent the point of view of your party?

Mr. Hees: It represents my point of view. I said over and over that it is my idea of a sensible plan. It is the only plan that has

been put forward by anybody in this house, so far as I know, because the minister has never stated what he thinks is a good plan or a bad plan for health insurance. All we have ever heard for the last 33 years is when we are told just before an election that we will be given health insurance; that is all we have heard. I believe it is time we heard from the minister, after the tremendous amount of money and time that have been put into study by his department during the last six years, as to what he believes is a good health plan.

The point I should like to straighten out with the minister is this. When I was describing this health plan, that has been in successful operation in Sweden for 25 years, the minister interrupted me and said, as reported at page 2952 of *Hansard*:

> My hon. friend has referred to the Swedish scheme, and in order to know exactly what his position is I should like to know whether he is in favour of the new act in Sweden . . .

I take it he was implying there is a new act that is in the process of going into operation, and the old one is being discarded.

I refer again to page 8 of the minister's own publication, "Health insurance in Sweden", social security series memorandum No. 10, produced by the research division of the Department of National Health and Welfare. At page 8, in referring to this new plan under the heading "Proposed program" it says:

> Legislation was passed in 1946, which would bring about a universal compulsory program, mainly state-supported. The reform has not been brought into force, and is now postponed indefinitely.

That was six years ago. They have not put it in for six years. I think it was passed then, and it has now been postponed indefinitely. Yet the minister has tried to leave the impression that it was just on the verge of going in, and he backed that up by saying, when I asked him to comment on the Swedish plan, "I do not think very much of it, nor do many people in Sweden".

What I say is that the people in Sweden have had the present plan in operation for 25 years and they have not changed it, though they could have done so. So far as I can see there is no possibility of their changing it. So I say there are a lot of people in Sweden who do like it. I say the people in Sweden consider that this is a very satisfactory plan.

Mr. Martin: You say; but that is not the fact.

Mr. Hees: All you have to do is to ask the people who live there—the doctors, the dentists, the people.

Mr. Martin: Have you done that?

[Mr. Hees.]

Mr. Hees: Yes, I have.

Mr. Martin: Well, I have right in front of me now perhaps the greatest authority on health insurance on this continent, and my statement was based upon a memorandum which he gave me.

Mr. Hees: Well, all I can say is that it is very strange that the Swedish people have kept this plan for 25 years, and that they seem to be in process of keeping it for a great many more years.

Mr. Martin: And you are in favour of it?

Mr. Hees: If it were so bad, why have they not thrown it out and put in this much more desirable plan, according to the minister? I want to know that.

Now let us get on to the health studies covered by this vote. As I understand the vote, it is to provide money so the minister and his officials can examine all matters pertaining to health insurance, can study plans from other countries that have been in operation.

Mr. Martin: That is one of the reasons.

Mr. Hees: It is to help his officials decide which would be the best plan for this country, in their opinion.

Mr. Martin: That is one of their many functions.

Mr. Hees: And a very important one.

Mr. Martin: Undoubtedly; but they also administer the national health grants.

Mr. Hees: The minister has held his portfolio for six years. So far as I can find out these studies have been going on for about that length of time. Yet so far to my knowledge we have not heard any of the results of the studies these votes have paid for. A report from the minister to the people of this country is long overdue.

Mr. Martin: You just read it.

Mr. Hees: I am speaking of—

Mr. Martin: You have the report right in your hand.

Mr. Hees: —a report saying what you think is the best plan for Canada.

Mr. Martin: Do you wish me to answer that now?

Mr. Hees: Mr. Chairman, if I had been interrupting the minister as he has interrupted me I am sure you would be calling for order.

Mr. Martin: I am sorry.

Mr. Hees: And I am asking him to keep quiet. I request the minister to keep quiet until I sit down.

An hon. Member: That is a reflection on the chair.

Mr. Hees: Because I am going to ask him to give me—

The Chairman: Perhaps I might point out to the hon. member that on every occasion the minister has interrupted him the hon. member has replied, thus acquiescing in the interruption. If the hon. member does not wish to be interrupted, then he should disregard the interruption.

Mr. Hees: The minister has such a pleasant personality it is hard to ignore him.

Mr. Martin: You are not bad yourself.

Mr. Hees: As I say, the people of this country have been waiting a long time to hear the minister tell them the results of the studies he and his departmental officials have been making for at least six years. They are waiting to hear the results of the studies of plans put into operation in other countries, and the studies as to the possibility of health insurance in Canada. I think by now they should have come to some pretty definite conclusions. They should be able to outline what in their opinion would be a suitable plan for this country.

I am not asking the minister to state government policy at this time. I am asking him to state what in his opinion he believes would be a satisfactory plan today, after having studied this tremendous amount of information. First of all it would be interesting to hear his opinion as to the plan in operation in Great Britain. He has had a great chance to study it. Does he think it is a good plan or is it a bad plan? If it is a bad plan, then what fault does he find with it? Then I would like to hear from him why he believes the Swedish act passed six years ago is better than the present plan. I would ask him to close his remarks by telling us, after all his deliberations, what he thinks would be a good plan for this country. Could we have an answer from the minister?

Mr. Fleming: Answer.

Mr. Martin: The hon. member for Winnipeg North Centre wishes to speak.

Mr. Fleming: I have a question or two to ask, but my questions do not bear on the point raised by the hon. member for Broadview. Perhaps the minister would answer his questions first.

Mr. Martin: I would like to hear what the hon. member for Winnipeg North Centre wishes to say. I wish to deal with these things in a summary fashion.

Mr. Fleming: Mr. Chairman—

Mr. Martin: You get into less difficulty if you do.

Mr. Knowles: You may be up for summary conviction.

Mr. Fleming: I can appreciate the minister's concern over his present position.

Mr. Martin: No concern at all; it is a matter of delight.

Mr. Fleming: My question relates to something different. Last year, at the 82nd annual meeting of the Canadian Medical Association held in Montreal a decision was taken to set up what was called the trans-Canada medical service. I understand a corporation was to be incorporated for that purpose.

When the announcement was made the Prime Minister, speaking in the House of Commons said:

> It would be a most happy solution if the medical profession would assume the administration of, and the responsibility for, a scheme that would provide prepaid medical attendance to any Canadian who needed it.

I wonder if the minister will tell us what headway has been made in the meantime by the medical association with the trans-Canada medical service. It was stated publicly at the time that the new body would not supplant regional medical care plans, but that it would extend its services in three ways:

> 1. Contracts with one plan may be transferred to any other plan operating in Canada.
> 2. Large national employers with employees in several provinces can insure them through trans-Canada under individual plans in each province. This service has been requested by many employers.
> 3. Trans-Canada will act as a clearing house for information, administrative counsel and statistics for all plans.

Could the minister tell what headway has been made in the meantime in that regard?

Mr. Knowles: The minister is free with his invitations today.

Mr. Martin: I am not inviting; I just thought the hon. member was going to speak.

Mr. Knowles: This is indeed an extremely important question. As a matter of fact, several facets of it have already come to light in the interchanges between the hon. member for Broadview and the minister, and in the remarks made just now by the hon. member for Eglinton.

The House of Commons is well aware how anxious some of us are to get a health insurance program established; but it is equally important that it become established on a proper basis. I want to say at the

outset that I do not favour the kind of plan that would permit the medical association or any other private body to insure the healthy and wealthy and leave the ill and not so wealthy to the state. In my view it should be—

Mr. Martin: That was the plan proposed by my hon. friend.

Mr. Hees: No, no.

Mr. Martin: Oh, yes.

Mr. Hees: No, no.

Mr. Knowles: In my view the only proper health insurance program for Canada is an over-all program that includes all our people. Perhaps if we are getting to the point where we are discussing different types of plans—the minister admits that these various types are being discussed—we are at least moving.

Mr. Martin: I think we should make clear what we are doing, Mr. Chairman, because my hon. friend is now trying to lay the basis for a general discussion again.

Mr. Knowles: The minister just invited me to make a statement.

Mr. Martin: No; I invited you to deal with this item. The hon. member for Broadview did deal with this item, this health insurance studies item, and he is perfectly entitled to ask about any specific study that has been made. The question he put forward had to do with the study of a plan made by this department. I do not think, Mr. Chairman—and I say this with great respect and with much confidence in the submission—that we can at this time under this item have a general debate on whether or not we should have health insurance.

Mr. Knowles: I shall direct my remarks to the item that is now before us, for health insurance studies. In discussing health insurance studies I think it is appropriate to pick up the annual report of the department and find out what has been done in the past under health insurance studies. Are we getting along all right now?

Mr. Martin: We shall see.

Mr. Knowles: All right. I find that in the last annual report we have, the one for the year ended March 31, 1951, we are told that "the departmental activities in health insurance work are the responsibility of the directorate of health insurance studies, with the research studies being conducted by the research division". I find also that during the year covered by this report, under the estimate we are now voting, "a complete revaluation of the 1945 proposals for health insurance was undertaken, with close attention being paid to analysis of systems in operation in all countries, including detailed study of programs, administrative methods employed, the success with which objectives are being met, the principal difficulties that have been encountered and costs and methods of financing". I hope that at some stage in the discussion of this item the minister will tell the committee what has been the result of the expenditure of this amount of money on health insurance studies in terms of the department's statement that they have made a complete revaluation of the 1945 proposals.

I note also—and I am still reading from the annual report, the last one we have, at page 61—that the operation of the British national health service and the New Zealand program received particularly close attention. Mr. Chairman, that is part of the studying of health insurance which is provided under this item. I think the minister should tell us what his thinking is as a result of the study, on the basis of this money, that has been made of the British national health service and the New Zealand program.

I note also from this report that "certain features of the programs in Sweden and Denmark which appear to possess considerable relevance to Canadian planning continue to receive detailed study". The report says that health insurance planning in other countries such as Australia and New Zealand has been kept under constant review. I find it very interesting to learn that particular attention has been paid to countries such as Denmark and Sweden. I pointed out last night that I have in my possession the memoranda that have been prepared on these two countries. I note there are to be memoranda, that will be paid for out of the money we are now voting, on health insurance in Great Britain, 1911 to 1948; on health insurance in Norway; on health insurance in the Netherlands. And I would assume—although it is not indicated in this list now before me—there would be one on the United Kingdom and on New Zealand in view of the reference in the paragraph I read a moment ago.

We are told by that paragraph, Mr. Chairman, that a study has been made of Denmark and Sweden because of their particular relevance to Canada. That makes very interesting the comment the minister has been making on this memorandum on health insurance in Sweden, in the interchanges he has had with the hon. member for Broadview.

The minister has stated categorically that he has no enthusiasm for the plan formerly in existence in Sweden, the one that actually is still there until it gets supplanted by the one which has been given legislative enactment.

Mr. Martin: I should think you would agree with me.

Mr. Knowles: Oh, I agree with the minister more than he agrees with himself. I agree that the new plan which is spelled out in the memorandum that his department has prepared and has furnished us is much better than the one that has been in existence across the years. The old one was more on a voluntary basis and was terribly limited and restricted in its coverage. The new plan, as set out on pages 8 and 9 of the memorandum I hold in my hand, would bring in a universal compulsory program, mainly state supported. It is specifically pointed out that elimination of all restrictions on coverage would take place. The benefits that are now being provided would be continued and expanded, and there would be provision for cash maintenance allowances and other improvements of that type.

What appeals to me about the legislation that was passed in 1946, but which has not yet come into force in Sweden, is its compulsory and universal nature. The minister has said to the hon. member for Broadview that the old plan is no good. His department has been studying Sweden because of the particular relevancy of the Swedish situation to the Canadian situation. The implication is that the minister would prefer the new Swedish program to the old one. At some point he should tell us whether the result of that judgment, which he has made on the basis of the studies made in his department, is that we are any nearer to a health insurance program of that type in Canada.

As I say, a great many countries are being studied. The minister's departmental report draws special attention to the British, New Zealand, Swedish and Danish programs. This is the report for the year ended March 31, 1951. We are always about a year late getting these reports, as hon. members know. But this is the point we have reached by virtue of the fact that we have been voting money for health insurance studies. We have reached the point where particular attention is being given to the British, the New Zealand, the Swedish and the Danish health insurance plans. Well, if that study is being given and these memoranda are being prepared, surely it is time for the minister to tell us what his thinking is in the field of health insurance. This will be continued at nine o'clock.

Mr. Martin: I may surprise you.

Mr. Hees: I should surely like to get bowled over on this.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

Mr. Deputy Speaker: Hon. members will notice that items No. 24 to 113 inclusive are all private bills to be considered in committee of the whole. Is it agreeable to hon. members that one motion be made that all these bills be considered in committee of the whole?

Some hon. Members: Agreed.

GREAT EASTERN INSURANCE COMPANY

The house in committee on Bill No. 243, respecting the Great Eastern Insurance Company—Mr. Macnaughton—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

The Chairman: Hon. members will note that this bill was considered by the banking and commerce committee and has been reported without amendment.

Mr. Green: During this session there have been quite a few of these bills to incorporate insurance companies, and they seem to be in almost identical form. I wonder if one of the ministers could state what objection there would be to having the underlying statute—I am not sure of the correct name—amended to provide that these charters could be granted upon the filing of the necessary documents and the meeting of the requirements of the superintendent of insurance or the registrar of companies or whatever official was chosen to fulfil that function. There seems to be little point in bringing these applications to parliament by way of private bills. I can see the reason for a private bill in other cases, but why should it be necessary to put these applicants to the expense of having a private bill put through and the country to the expense of having to consider these applications in both the Senate and the House of Commons?

Mr. Byrne: What about the pipe lines?

Mr. Fournier (Hull): I think the main reason is to retain in parliament control over these applications. The moment we would want to divest parliament of the power which it has now, perhaps my hon. friend will not be ready to agree. I shall direct the attention of the Minister of Finance to his remarks and ask him to take them under consideration.

Mr. Knowles: If the attention of the Minister of Finance is to be called to the remarks of the hon. member for Vancouver-Quadra I suggest that his attention also be called to the remarks of the Minister of Public Works. Indeed, I agree with the point made by the

Minister of Public Works that parliamentary control over corporations of this kind should be retained. I do not know whether the hon. member for Vancouver-Quadra heard the interjection of the hon. member for Kootenay East.

Mr. Green: No, I did not. Was it worth listening to?

Mr. Knowles: Quite. Not that his interjections are always worth listening to, but this one was rather pertinent. He said: "What about the pipe lines?"

Mr. Green: Oh, no.

Mr. Knowles: The hon. member for Vancouver-Quadra was perfectly justified in raising the question, but I think he got the proper answer from the Minister of Public Works, that parliament should retain control over these companies as parliament retains effective control over the granting of pipe-line charters.

Mr. Green: There is a vast difference between a pipe-line charter or a railroad charter and one of this type. In the other cases public works are to be constructed in certain parts of the country and for a certain purpose, but here we are dealing only with the incorporation of a company which is to be set up for the purpose of doing insurance business. The powers to be granted are always numbered from A to Z and there seems to be no variation between the different bills. I ask the Minister of Public Works to see that this matter is given some consideration. There may be a valid reason for requiring this procedure in each case, but at the moment I cannot understand why it should be necessary.

Mr. Fournier (Hull): I cannot add very much to what I have just said. The only thing is that it would appear that the hon. gentleman is in favour of piping insurance through different companies while he objects to piping oil through different pipe lines. I cannot really see the objection.

Mr. Green: That is not a very good comparison.

Mr. Fournier (Hull): I cannot see the real objection. The hon. member, who is so jealous of the prerogatives of parliament, is now saying that some official should be allowed to deal with these insurance companies. Each company that is incorporated competes with other companies. I think competition is a good thing, but competition should not apply only to fire or other insurance companies. I think competition should also apply in other branches of the economy. I really will call the attention of the Minister of Finance to the remarks made by the hon. gentleman.

[Mr. Knowles.]

Mr. Cruickshank: May I say a word in this connection? I had not expected to.

Mr. Riley: Will it only be a word?

Mr. Cruickshank: If I get some assistance from the maritimes, Mr. Chairman—

Mr. Riley: You may need a little assistance from the maritimes before you are through.

Mr. Cruickshank: Well, we in British Columbia have been carrying the maritimes on our back long enough, so I guess—

The Chairman: Order. I will have to ask the hon. member for Fraser Valley to speak to the bill. The hon. member for Vancouver-Quadra raised a point which was commented upon by the hon. member for Winnipeg North Centre and to which the minister has replied. That was by way of opening up a discussion on these insurance bills that are now before the committee. I do not think we should carry on a discussion on that particular point. What is before the house is a bill—

Mr. Cruickshank: Mr. Chairman—

The Chairman: Order—to incorporate the Great Eastern Insurance Company, and the hon. member must address himself to clause 1 of that bill.

Mr. Cruickshank: I will be glad to but I think you will admit, sir, that I was interrupted and it has taken part of my time. My friends on the right who interrupted me were not corrected for their irrelevant interjections. I was merely going to follow along the same lines as the hon. member for Vancouver-Quadra. In my province we have no objection to the incorporation of as many insurance companies as want to be incorporated.

We are only hopeful that the more there are incorporated—and this comes under the section—the lower the rates we will get. Unfortunately in the past we had a bad experience with one insurance company which was incorporated. I think the only director outside of the province of British Columbia came from the city of Fort William. That company incurred a lot of expense and needlessly wasted the money of the people of my province. It went into bankruptcy, as the hon. member well knows. I am not going to mention the name, though I could.

An hon. Member: You might as well mention the name.

Mr. Cruickshank: In that connection I have something I might read, but possibly I will be out of order so I will use it on another occasion. In incorporating these insurance companies the same procedure is being

followed as in the case of other companies. There is another matter that I will not bring into the discussion, but I might at a later date. I read a press report no later than yesterday that gas was originally discovered in Medicine Hat in 1883—

Mr. Wylie: Hear, hear.

Mr. Cruickshank: —and we still have it with us. Therefore I think we are entitled to ask questions as to who is behind this company. I am speaking on the section, Mr. Chairman, and possibly it would be in order for me to read the names.

Section 1 reads as follows:

Roger Gerald MacIsaac, insurance manager, of the city of St. Lambert, Harold Michael McLaughlin, secretary-treasurer, of the city of Montreal—

That is a good city.

—and Rene Labelle, one of Her Majesty's counsel, of the town of Mount Royal, all in the province of Quebec, together with such other persons as become shareholders in the company are incorporated under the name of "The Great Eastern Insurance Company" hereinafter called "the Company."

All I want to ask is whether the debentures, shares or stock of this company will be available to the investing public throughout the Dominion of Canada and not merely in one province. They are asking for a dominion charter and for the right to insure people of all the provinces, including the maritimes and the great provinces of western Canada, notably British Columbia. I want to know whether these shares or debentures will be available for sale in all provinces within Canada.

The Chairman: It seems to me that question might be asked on clause 3. Shall clause 1 carry?

Mr. Gillis: I should like to disagree for a minute with the hon. member for Vancouver-Quadra. While the chairman has ruled that that discussion is over, I would respectfully submit that the hon. member for Vancouver-Quadra suggested a bad precedent.

Mr. Green: I merely asked a question.

Mr. Gillis: He suggested amending the basic insurance companies act so that in future companies may apply to the office of the Secretary of State and secure the right to start an insurance company.

The Chairman: Order. I know the hon. member feels that because I allowed the hon. member for Vancouver-Quadra to deal with this matter I should allow him to do so as well. At this moment in the house there might be approximately 75 to 100 members.

Mr. Knowles: There might be.

The Chairman: If I allow the hon. member to carry on this discussion, then all other members would expect to receive similar treatment. That would simply mean that during the hour devoted to private bills tonight we would discuss nothing but the suggestion of the hon. member for Vancouver-Quadra that the Minister of Public Works look into the reason why so many insurance companies are coming here for incorporation. Does the hon. member think we should follow that procedure on clause 1 of a bill which is entitled, "An act to incorporate the Great Eastern Insurance Company"? I do not think so. I will confess, though, that when the hon. member for Vancouver-Quadra initiated the discussion—

Mr. Gillis: You should have stopped it.

The Chairman: I should have stopped it. I confess that, but I thought some latitude might be allowed especially when we were initiating the discussion on four bills to incorporate insurance companies. I felt that the hon. member, merely by way of comment on the bills that are now before the committee, was asking the minister to consider that suggestion and would then proceed with the study of the bill. It so happened that he did not have any questions to ask on the first clause, and the hon. member for Winnipeg North Centre commented upon the remarks made by the hon. member for Vancouver-Quadra and the minister replied. We have about 120 bills before us at the moment, and if we are to take advantage of the hour devoted to private bills I think not only in fairness to hon. members who do not wish to take part in the discussion but also in fairness to the corporations who have applied for incorporation we ought to devote our time to a study of this bill. I am sure the hon. member, having heard the remarks made by the member for Vancouver-Quadra, will have another occasion to discuss the point he has raised. I would ask him not to deal with it now.

Mr. Gillis: I am always willing to be co-operative but actually what worried me was the commitment given by the Minister of Public Works that he would bring this matter to the attention of the Minister of Finance. I thought if we said nothing in the house the Minister of Finance would naturally think we acquiesced. I have no intention of pursuing the matter further and whatever remarks I have to make on the bill itself I shall reserve for the clauses.

Mr. MacDougall: I might point out that these bills now before us have all been through the miscellaneous private bills committee and information which hon. members might desire to seek in connection with them may be found in the reports of that

committee. I suggest that we go forward and deal with as many of these bills as we are able to in the hour.

The Chairman: I would point out that these bills have not been considered by the standing committee on miscellaneous private bills but have been before the banking and commerce committee where they have been carefully considered and reported without amendment.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On section 6—*Classes of insurance authorized.*

Mr. Gillis: I notice this company is being granted the right to carry on many types of insurance activity. Personally I think we have plenty of insurance companies in Canada today in the field in which this company is seeking a charter.

Take automobile insurance, for example. I think anyone who drives a car in any province in Canada, with the possible exception of the province of Saskatchewan, will agree that some governmental action, either provincial or federal, is necessary in that field, particularly when you realize how car insurance costs have risen during the last ten years. The great majority of people in the low income groups find it almost impossible to insure a car today, and my opinion is that it is pretty nearly time the federal government should do something about it, as the provinces do not appear to be doing very much. Perhaps the provinces cannot do very much about it when these national charters are granted giving companies the right to operate from province to province right across the dominion.

If you take a look at the casualty list on the highways over the week ends I know you will say there is either something wrong with the drivers or with a lot of the cars which are on the highways. However, I think some yardstick or measure of automobile insurance is necessary in this country because the average policy one has to take from the old line companies for a passenger car, covering collision, public liability, and so forth, will run from $135 to $150. The average person may be able to secure his licence, and pay the instalments on his car, but when it comes to putting that car on the road and paying the rates demanded by insurance companies today he finds that almost impossible. In most provinces in this country that type of insurance is compulsory. Although they will sell you a licence and you may put your car on the road, you can drive that car only until you have an accident. Then, under most provincial laws covering the matter, the R.C.M.P. have the right to pull you up and if you have not public liability insurance on the car, for which you must pay $130 to $150 your car may be confiscated, impounded and sold to pay the damage.

While the average person on the highway may be as careful as he likes, if someone who is not covered smashes into him then his car is in the garage with adjusters running around for months arguing about who is responsible and who is not responsible. Regardless of the fact that you may be insured by one of these companies, nine times out of ten if you are involved in an accident you have to hire a lawyer and go to court to prove that you have a right to your insurance.

If we are going to continue to grant charters on a national scale—and here I am thinking of automobile insurance particularly because it sticks out like a sore thumb—some governmental action must be taken. That insurance is compulsory in the provinces, but nothing is done, until you tear into somebody. Then the R.C.M.P. come into the picture, court action is necessary, and there is litigation all over the place. I think it is pretty nearly time the federal government at least set up some machinery to make an appraisal of automobile insurance in this country, particularly in view of the fact that the provinces are not doing it, to determine whether automobile insurance is being sold on a fair and reasonable basis that does not mean just a lot of money to the companies selling insurance and very little protection to the average person who is buying that insurance.

I am not quarrelling about the rest of the insurance here but I am particularly interested and concerned about automobile insurance because it is running way beyond the reach of the average person. I think the time has come when the provincial governments should set up their own insurance offices and, when a person takes out a licence for his car, if they are going to make insurance compulsory when the licence is granted it should be accompanied by an insurance policy which is fair, reasonable, and within the financial limits of the average person who is taking a car out on the highway. Anyone who cannot afford a policy should not take a car out on the road.

Some hon. Members: Hear, hear.

Mr. Gillis: The provincial government should be forced to determine the financial responsibility of a person applying for a

licence to take a car on the highway—a car in half decent shape—so that others may be protected.

I am pretty much concerned about this. If we are going to keep on giving national charters in this field I think it is time for the federal government to take some responsibility to ascertain that this insurance is within reach of at least the average person who drives a car.

Mr. Dickey: I do not want to prolong debate on this clause, but the hon. member did say two things which I do not think should go unchallenged. He is dealing with a very important matter and I certainly agree that it is something to which great consideration should be given. He said, however, that ordinary automobile insurance costs the average passenger-car driver anywhere from $130 to $150. Now, Mr. Chairman, different coverages cost different sums of money, and if you want special coverage you have to pay for it; but certainly in the province of Nova Scotia those figures do not apply. I carry what I think is very adequate coverage and the premium this year, for instance, was something in the vicinity of $75.

Mr. Gillis: You are not very well protected.

Mr. Dickey: I am very well protected. The other statement the hon. member made was that nine times out of ten, even if you had an insurance policy, you had to go to court to collect your insurance. I am sure the hon. member is under a misapprehension there. It is true litigation arises out of many motor vehicle accidents, but it is for the purpose of determining who is responsible. If a party is found guilty of negligence, then his insurance company has to pay under the liability clause. But to suggest that a person covered by insurance in any but the most exceptional cases has the necessity of going to court to collect on his own insurance is not in accordance with the facts. I do not think that statement should go unchallenged on the record.

Mr. Gillis: Mr. Chairman, I drive a car in that province, and it is that province I was thinking about when I was speaking. I know that if the hon. member just carries fire and theft insurance, he can perhaps get it for the figure he has mentioned. The main insurance you have to carry if you drive on the highway today is collision insurance. If you take out a policy that protects you against fire, theft, public liability and collision, it will cost you $130 this year, as a pleasure driver. I have that policy, you see, and I have no more money than the hon. member to chuck around unnecessarily, but that is what my policy costs me.

I might say that in the last ten years the cost of that policy has risen from $40 to the figure I mentioned a moment ago. On the other point mentioned by the hon. member, I leave it to the average person in this country who has had a motor accident to decide whether he is correct or I am correct. If you meet with any kind of an accident there has to be an adjustment. In most cases you cannot get that done without seeking legal assistance, and as you know lawyers do not work for nothing. If the accident is serious enough, there is generally a court case to decide liability. In the meantime your car is tied up.

I do not want to waste any more time in quarrelling with the hon. member, but what I said a few minutes ago on these two points was the result of my own experience; that is what my policy cost me in Nova Scotia this year. It would cost more if I wanted more protection. You can get that protection in Saskatchewan for around $12, because the government has cut out the middleman.

Mr. Dickey: All I can say to the hon. member is that he is paying a great deal more for his insurance than I am. If he wants the name of my company I shall be very glad to give it to him.

Mr. Cruickshank: I do not altogether agree with the hon. member for Cape Breton South. I do not think you need to go to court to get action, certainly not in my province. We have some very fair insurance companies, although I believe their rates are too high. I believe the junior member behind me is not carrying sufficient insurance. The insurance on my car, which is just a Pontiac and not a Cadillac convertible, is $107.30 per year. I carry adequate insurance because in my province, Mr. Chairman, the people, including the legal fraternity and those who represent the people of our province as elected representatives, believe that those of us on the road who are entitled to drive a car should protect the public we are driving against, as you might say.

I agree with the hon. member, although I think the rate is too high. The insurance on my Pontiac—not being a parliamentary assistant or a great labour leader I can only drive a Pontiac—costs $107. The section on which I believe we are entitled to more information concerns the $250,000. Obviously the rates of this insurance must be too high, because we have had this great influx of applications for new companies. Here is a company that is going to insure everything from A to Z. I always have to look at the two things, because I can never remember the entire alphabet. The list goes from

windstorm insurance to fire insurance. Here is a company that is going into insurance from A to Z and it has only $250,000 paid up capital. Mr. Chairman, in my province one accident alone cost the insurance company $58,000. Here is a company rushing in where angels fear to tread, but apparently lawyers from the maritimes delight to enter. They are going into this field with only $250,000 of paid up capital. They are rushing to get into it. Surely, Mr. Chairman, there must be some reason for this great desire, shown by so many companies at this session, to get into this business.

I agree with the member for Cape Breton South that the rate should not be so high, although probably maritime drivers are not as capable as those from the far west and that may be the reason.

In the old days, Mr. Chairman, we used to play poker, and instead of using chips we used to use the charters of railway companies or insurance companies. That was in the days when my uncle Horace was a young man. It would appear to me that it has become a favourite game now to obtain a dominion charter. I do not know whether you know very much about poker, Mr. Chairman, but I once lost a railway company—the charter, that is. I believe every consideration should be given to the financial responsibility of this company before such an asset as a dominion charter is granted.

Section agreed to.

Sections 7 and 8 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

EQUITABLE FIRE INSURANCE COMPANY OF CANADA

The house in committee on Bill No. 262, to incorporate Equitable Fire Insurance Company of Canada—Mr. Cannon—Mr. Beaudoin in the chair.

Sections 1 to 5 inclusive agreed to.

On section 6—*Classes of insurance authorized.*

Mr. McLure: I have not a copy of that bill before me. Is this section just the same as the one in Bill 243?

The Chairman: Exactly.

Section agreed to.

On section 7—*Subscription and payment of capital before commencing business.*

Mr. Green: Here the requirement is for only $200,000. In the other bill it was for $250,000. Who decides upon the amount that is to be required?

[Mr. Cruickshank.]

Mr. Harris (Grey-Bruce): Mr. Chairman, I am not prepared to answer that at the moment, but I think perhaps the answer is that in one case it is a mutual insurance company, although I am only expressing an opinion.

Section agreed to.

Sections 8 to 13 inclusive agreed to.

On section 14—*Effect of non-payment of assessments.*

Mr. Knowles: I wonder if the same minister or someone else can explain why it is that in some cases, as with the Great Eastern Insurance Company, the bill consists of only eight sections, whereas with this company, which seems to be similar and covers the same groups of insurance from A to Z, the bill contains twenty-one sections.

Mr. Harris (Grey-Bruce): Again I would be speculating, but I imagine the legal advisers of the respective companies felt that they had covered all that was required for their purposes.

Mr. Knowles: One lawyer was more long-winded than the other.

Section agreed to.

Sections 15 to 21 inclusive agreed to.

Bill reported, read the third time and passed.

THE SISTERS OF CHARITY OF THE HOUSE OF PROVIDENCE

The house in committee on Bill No. 240, respecting the Sisters of Charity of the House of Providence—Mr. Henderson—Mr. Beaudoin in the chair.

On section 1—*Name changed.*

The Chairman: I might point out that this bill has been reported without amendment by the committee on miscellaneous private bills.

Section agreed to.

Bill reported, read the third time and passed.

ECONOMICAL MUTUAL FIRE INSURANCE COMPANY

The house in committee on Bill No. 244, to incorporate the Economical Mutual Fire Insurance Company—Mr. Darroch—Mr. Beaudoin in the chair.

Sections 1 and 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

THE GARRETT CORPORATION

The house in committee on Bill No. 241, respecting a certain patent application of the Garrett Corporation—Mr. Richard (Ottawa East)—Mr. Beaudoin in the chair.

Sections 1 to 3 inclusive agreed to.

Bill reported, read the third time and passed.

NATIONAL DENTAL EXAMINING BOARD

The house in committee on Bill No. 278, to incorporate the National Dental Examining Board of Canada—Mr. MacDougall—Mr. Beaudoin in the chair.

Sections 1 to 10 inclusive agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Mr. H. W. Winkler (Lisgar) moved that the house go into committee on the following bills:

Bill No. 186, for the relief of Ludwik Bulkiewicz—Mr. Winkler.

Bill No. 187, for the relief of Jean Betton Harris—Mr. Winkler.

Bill No. 188, for the relief of Violet Mary Bailey Black—Mr. Winkler.

Bill No. 189, for the relief of Corinne Larocque Sergent—Mr. Winkler.

Bill No. 190, for the relief of Omer Montpetit—Mr. Winkler.

Bill No. 198, for the relief of Ismena Archange Labatt Chipman—Mr. Winkler.

Bill No. 199, for the relief of Rose Larocque Crawford—Mr. Winkler.

Bill No. 200, for the relief of Gladys Lucille Jane Annal Williams—Mr. Winkler.

Bill No. 201, for the relief of Emily Amelia Ahern Manhire—Mr. Winkler.

Bill No. 202, for the relief of Margaret Joyce Berryman Thomas—Mr. Winkler.

Bill No. 203, for the relief of Lillian Deutsch Payne—Mr. Winkler.

Bill No. 204, for the relief of Murdoch Graham Nicholson—Mr. Winkler.

Bill No. 211, for the relief of Jeanne Antoinette Sophie Helena Kessler Meyer—Mr. Winkler.

Bill No. 212, for the relief of John Stachyshyn—Mr. Winkler.

Bill No. 213, for the relief of Theodora Dunska Williams—Mr. Winkler.

Bill No. 214, for the relief of Marguerite Mary Winn Nelson—Mr. Winkler.

Bill No. 216, for the relief of Roger Pilon—Mr. Winkler.

Bill No. 217, for the relief of Winnifred Shirley Nice Perry—Mr. Winkler.

Bill No. 218, for the relief of Ursula Runge Kniewel Fijalkowski—Mr. Winkler.

Private Bills

Bill No. 219, for the relief of Bella Sybil Feinman Brenton—Mr. Winkler.

Bill No. 221, for the relief of Helen Kouri Cumas—Mr. Winkler.

Bill No. 222, for the relief of Cora Marguerite Blume—Mr. Winkler.

Bill No. 223, for the relief of Marie Maude Louise Ladriere Cook Tooby, otherwise known as Marie Maude Louise Ladriere Cook-Salisbury Tooby—Mr. Winkler.

Bill No. 226, for the relief of Laetitia Daigneault Martel—Mr. Winkler.

Bill No. 227, for the relief of James Alexander Ford.—Mr. Winkler.

Bill No. 228, for the relief of Joseph Gerard Abondius Fauvel.—Mr. Winkler.

Bill No. 229, for the relief of Richard Patenaude.—Mr. Winkler.

Bill No. 230, for the relief of Francoise Bellehumeur Dixon.—Mr. Winkler.

Bill No. 231, for the relief of Cynthia Daphne Roberts Gagne.—Mr. Winkler.

Bill No. 232, for the relief of Dorothy May Tucker Patterson.—Mr. Winkler.

Bill No. 233, for the relief of Reginald Clare Darrah.—Mr. Winkler.

Bill No. 234, for the relief of Marjie Weston Frost Law.—Mr. Winkler.

Bill No. 235, for the relief of Carmen Verna Garcia Copping.—Mr. Winkler.

Bill No. 236, for the relief of Edna Ruth Dowsett Young.—Mr. Winkler.

Bill No. 237, for the relief of Eleanor Mary Courtney Flannery.—Mr. Winkler.

Bill No. 238, for the relief of Florence (Fannie Ruth) Sacks Roitman.—Mr. Winkler.

Bill No. 247, for the relief of William Wallace Watson.—Mr. Winkler.

Bill No. 248, for the relief of Russell James Barrett.—Mr. Winkler.

Bill No. 249, for the relief of Alice Sabria O'Connor Muskett.—Mr. Winkler.

Bill No. 250, for the relief of Julia Emma Pearl Sager Noiseux.—Mr. Winkler.

Bill No. 251, for the relief of David Gilmore Bennett.—Mr. Winkler.

Bill No. 253, for the relief of Mary Elizabeth Cate Lowe.—Mr. Winkler.

Bill No. 254, for the relief of Aldea Gendreau Bourbonnais.—Mr. Winkler.

Bill No. 255, for the relief of Peter Ernest Walker.—Mr. Winkler.

Bill No. 256, for the relief of Dorothy Agnes Kearns Bradley.—Mr. Winkler.

Bill No. 257, for the relief of Sarah Bernstein Smith.—Mr. Winkler.

Bill No. 258, for the relief of Margaret Gladys Redman Glassco.—Mr. Winkler.

Bill No. 259, for the relief of Louise Joslyn Smith Harvey-Jellie.—Mr. Winkler.

Bill No. 260, for the relief of Bertha Naujoks Stehr.—Mr. Winkler.

Private Bills—Divorce

Bill No. 261, for the relief of Margit Aloisia Payer Worontschak.—Mr. Winkler.

Bill No. 264, for the relief of Tom Barnard Clayton Gould.—Mr. Winkler.

Bill No. 265, for the relief of Helene Laura Solomon Wiseberg.—Mr. Winkler.

Bill No. 266, for the relief of John Borland White.—Mr. Winkler.

Bill No. 267, for the relief of John Laurence McDonough.—Mr. Winkler.

Bill No. 268, for the relief of Jean Wiseman Schwartz.—Mr. Winkler.

Bill No. 270, for the relief of Agnes Bertha Baugh Guimont.—Mr. Winkler.

Bill No. 271, for the relief of Genevieve Flora Agatha Brown Smith.—Mr. Winkler.

Bill No. 272, for the relief of Marcelle Alice Beliveau Martin.—Mr. Winkler.

Bill No. 273, for the relief of Marcel Despatis.—Mr. Winkler.

Bill No. 274, for the relief of Joseph Wilfrid Ernest Senecal.—Mr. Winkler.

Bill No. 252, for the relief of Kathleen Hilda Turk Woodall.—Mr. Winkler.

Bill No. 263, for the relief of Leo Kendall. —Mr. Winkler.

Bill No. 269, for the relief of Judith Sorel Riven Gainsbury.—Mr. Winkler.

Bill No. 280, for the relief of John Harold Roger Wright.—Mr. Winkler.

Bill No. 281, for the relief of Agathe Neubauer Landsberg.—Mr. Winkler.

Bill No. 282, for the relief of Norma May Attridge Chilton.—Mr. Winkler.

Bill No. 283, for the relief of Andrea Gendron Repper.—Mr. Winkler.

Bill No. 284, for the relief of Edith Bessie Franks Parsons.—Mr. Winkler.

Bill No. 285, for the relief of Annie Teresa Nash Pelltari.—Mr. Winkler.

Bill No. 286, for the relief of Mary Clemence Morice Waldbauer.—Mr. Winkler.

Bill No. 287, for the relief of John Gordon Smithers.—Mr. Winkler.

Bill No. 290, for the relief of Libby Levine Bloom.—Mr. Winkler.

Bill No. 291, for the relief of Shirley Israel Thau.—Mr. Winkler.

Bill No. 292, for the relief of Ralph Patrick Barker.—Mr. Winkler.

Bill No. 293, for the relief of Madeliene Kostick Glock.—Mr. Winkler.

Bill No. 294, for the relief of Olive Myrtle Weston Rouet.—Mr. Winkler.

Bill No. 295, for the relief of John William Day.—Mr. Winkler.

Bill No. 296, for the relief of Marcelle Marchand Adams.—Mr. Winkler.

Bill No. 297, for the relief of Marie Marguerite Germaine Aubert Forest. — Mr. Winkler.

Bill No. 298, for the relief of Betty Lauraine Conner Norell.—Mr. Winkler.

Bill No. 299, for the relief of Francoise Marguerite Beaudin Patrick.—Mr. Winkler.

Bill No. 301, for the relief of Greta Mildred Duncan Croteau.—Mr. Winkler.

Bill No. 303, for the relief of Leo Bercovitch.—Mr. Winkler.

Bill No. 304, for the relief of Joseph Raymond Demers.—Mr. Winkler.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

The Chairman: Shall section 1 of these divorce bills carry?

Mr. Knowles: Mr. Chairman, I take it you are calling the first section of all the divorce bills at once, and I am not going to exercise my right to prevent you from doing it in that way on this occasion. But I do wish once again to register my continuing and very strong protest against the fact that the House of Commons is still handling these bills, and handling them in this way. They should not be here at all.

The Chairman: In view of the fact that the hon. member began his remarks by saying he does not object to my doing it in this way—

Mr. Knowles: I did not say I was not objecting, I said I would not prevent your doing it in this way.

The Chairman: It may be that a reader of *Hansard,* a person who is not a member of the House of Commons, might say, "Well, the chairman followed a certain procedure and, although an hon. member protested, it was done in this way." I should point out that with the exception of the few weeks or months in which representations have been made that this procedure should be changed, it has been the practice for many years to call the clauses in committee, all at one time, as I am doing now. I think that should be on the record.

Mr. Knowles: I recognize and confirm what Your Honour has said, that it has been the practice. But my point is that it is a very bad practice, and I am against it.

The Chairman: I am sure the hon. member will agree that I cannot discuss that point.

Section agreed to.

Section 2 agreed to.

Bills reported.

Mr. Deputy Speaker: When shall these bills be read a third time?

Some hon. Members: Now.

Mr. Knowles: Under protest.

Mr. Winkler moved the third reading of the bills.

Motion agreed to and bills read the third time and passed.

IRENE MARY JOHNSON MUIRHEAD

On the order:

Second reading of Bill No. 215 (Letter L-7 of the Senate), intituled: "An Act for the relief of Irene Mary Johnson Muirhead."—Mr. Winkler.

Mr. Winkler: I would ask that this and the other divorce bills for second reading stand, please.

Order stands.

BOUNDARY PIPELINE CORPORATION

The house resumed, from Tuesday, June 3, consideration in committee of Bill No. 62, to incorporate Boundary Pipeline Corporation—Mr. Larson—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. McLure: Mr. Chairman, this bill has been before the house now for some time. This committee is dealing with Bill No. 62, an act to incorporate the Boundary Pipeline Corporation. At this time we are dealing with section 1. I should like to know from the chairman whether he is going to allow a general debate on the first section, or on each section as we go along. We have had different rulings on that, and probably we shall get a new one on this pipe-line bill.

Some hon. Members: Carried.

Mr. McLure: I do not know whether or not the names of those who are applying for the incorporation have been placed on the record, but I find that their names are as follows: George Herbert Barr, solicitor; William Purdon Cumming, solicitor; Robert Milliken Barr, solicitor; Archibald Turner Brown, managing director, and what else I do not know, and Frank Benjamin Poutney, investment dealer, all from that great city of Regina in Saskatchewan. These are to be the directors. In other words, these five men come to parliament and ask that they be made into one body, and that body to be called the Boundary Pipeline Corporation; or, putting it in shorter terms, they are to be called the company. In the incorporation clause they also say that there are a great many other persons who may become shareholders. All these other persons are unknown to your committee, Mr. Chairman. These five gentlemen alone are seeking the incorporation, and are to be called the company.

Mr. Boisvert: What is wrong with that?

Mr. McLure: You will have a chance after awhile. Quite a number of speeches have been made with reference to this incorporation. In checking them over I have found that very few have endorsed these directors, but I am not taking objection to them. Like those who have spoken before me in reference to this bill, I take objection to the principle of it, and I shall endeavour to tell the committee my reasons for so doing.

I said a moment ago that there did not seem to be very many champions of this bill on the government side of the house. I might add here that those who are against it have given very good reasons, in my opinion, why the bill should not pass. When the bill passes, if it ever does, it will be a question of time before we know whether they have been given the proper authority or not.

We all know that this deals with something that is very important to Canada. It deals with the national products of Canada, the natural resources. In the past two or three years, and probably a little longer, attention has been turned as never before to the great natural resources of this country. For instance, the eyes of the world are fixed on the great discoveries and the great development of the natural products of some of the western provinces, particularly on Alberta and Saskatchewan with their oil and gas. Because of that, we find speculators of all kinds coming in; and, as I think we have in this case, speculators are seeking to incorporate a company to move gas from Saskatchewan to some other place. They are quite prepared to build their pipe line into Manitoba and on in to the city of Winnipeg. When they get there by way of an all-Canada route they immediately want to turn south and take their supply of gas down into the United States.

I would have no objection to a pipe-line company asking for a charter of that kind if there was sufficient gas in the west to supply Canada first. In this case it becomes a question of Canada first. We would be very wise in this country if we went to our neighbours to the south and extracted a leaf from their book of success and learned of the development of their country and their natural resources. If we were to take a leaf out of their book I am sure we would look to our own interests, and it would be Canada first.

I congratulate the great country to the south for having such a policy and carrying it into effect. After they have supplied their own people they are always willing to sell their surplus. However, their plan has been to develop the United States first. Let us copy that idea and let us make our slogan Canada first.

Section stands.

Progress reported.

Mr. Deputy Speaker: The hour devoted to private and public bills having expired, the house will continue with the business which was interrupted at six o'clock.

SUPPLY

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

274. Health insurance studies and administration of general health grants, $74,305.

Mr. Knowles: When the house rose at six o'clock I was directing the attention of the minister to the fact that some very valuable studies of health insurance have been carried on by virtue of the money we vote under this item. In particular I pointed out that the annual departmental report states that special attention has been given to the health insurance plans in Great Britain, New Zealand, Sweden and Denmark. I feel that the committee has the right to expect a statement from the minister at this time as to his views on the plans in effect in those countries and what he feels would be the best type of health insurance plan for Canada in the light of this study. He should also tell us when the point will be reached at which the studies for which we have been spending this money across the years will be converted into action, namely a health insurance program for this country.

Furthermore, I would point out that under this item of health insurance studies, health and sickness surveys have been conducted in the various provinces. Last evening I drew to the attention of the minister a recommendation made in the Saskatchewan health survey report which was prepared as part of the work of the health insurance studies division. Notably I drew attention to the fact that that report recommended a nation-wide program of health insurance and in particular it recommended that if all the provinces were not ready to participate in such a plan, nevertheless a national plan should be established so the provinces ready to participate might do so. A reference is made to these health survey reports on page 62 of the minister's departmental report, which reads:

> Exceedingly valuable material will be made available through the health and sickness surveys now being carried on by the provinces, which will give very much more complete data than any hitherto available on existing health services, and prevalence of illness and disability.

We have the departmental report saying that special attention is being paid to New Zealand, Great Britain, Sweden and Denmark, and the minister in that report saying that it has been valuable to get the information contained in the health survey reports from the provinces, in one of which is the recommendation that there be a nation-wide program of health insurance.

I think the minister will agree that we are entitled to a statement as to his opinion, not only of the studies made in these other countries but of the recommendation made in the Saskatchewan health survey report. Not only should he give us the benefit of his views on the basis of this study; he should tell us how soon we can expect the enactment of a nation-wide program of health insurance.

Mr. Martin: I promised the hon. gentleman that I would tell him briefly what in my judgment was wrong with the plan he put forward—

Mr. Knowles: The minister is now referring to the hon. member for Broadview.

Mr. Martin: —with regard to Sweden, and I shall also state what I think is wrong with the plan put forward by the hon. member who has just spoken.

Mr. Hees: I understood the minister was going to outline his ideas on the British plan and also give us his ideas on a plan for Canada.

Mr. Martin: I shall have to decide what I am to say. My hon. friend is exercising his right as a member of the opposition and I am exercising what I conceive to be my duty in the light of government policy and other circumstances, and as a minister of the government. The plan my hon. friend put forward is limited to persons in good health between the ages of 14 and 40. It does not deal with the age group from birth to 14 in the non-dependent class, a most significant age group in our population. It does not provide for medical or hospital care for the age group over 40, and particularly the group from 60 to 70 and 80 years of age, which is another equally important group in the population of any country.

Mr. Hees: May I correct the minister on that. On page 5 of his memorandum, talking about the present program he says:

> At the present time, everyone between the ages of 14 to 40 years of age, and in "good health," is eligible for membership in a local sickness fund. Married women must insure themselves independently of their husbands, and the couple may insure their children under 15 years.

Actually a parent has to insure a child; the child does not insure himself.

Mr. Martin: Under that plan only the age group 14 to 40 years is covered.

Mr. Hees: Children are insured by their parents.

Mr. Martin: I beg to differ with my hon. friend. The plan just covers that group. Anyone who has given thorough consideration to this matter will realize how inadequate that would be. That particular program is not a health insurance program at all; it is a cash sickness maintenance scheme which may require a waiting period of 90 days on admission to membership before eligibility for benefits is obtained. The great weakness in that plan is that it covers about 50 per cent, or at best 60 per cent of the population.

Mr. Hees: Sixty per cent, so the memorandum says.

Mr. Martin: Sixty per cent of the population generally, and there have been years when it covered as low as 32 per cent of the population. In view of those limitations I cannot take any other stand than the one I took last night, that this proposal is not a health insurance scheme at all; it is simply a scheme of providing for a method of financing whereby the individual pays the full fee and receives two-thirds as reimbursement from the government or the state. I am sure that plan is not one that would commend itself to any group in this country that has given the matter serious consideration.

The question before us is of the greatest importance and has many implications. Our situation in this country is different from that in Sweden, New Zealand or the United Kingdom. Under our constitution the provinces are endowed with the primary responsibility for matters of health. I am sure no one would suggest that we embark upon a scheme of health insurance in Canada without the co-operation of a substantial portion of the provinces.

Mr. Hees: That goes without saying.

Mr. Martin: My hon. friend says that goes without saying, but he did not mention it.

Mr. Hees: There are some things so obvious that you do not have to mention them.

Mr. Martin: If my hon. friend will just allow me to finish my argument, he may say all he feels like saying after he hears what I have said.

Mr. Hees: The minister interrupted me freely all afternoon.

Mr. Martin: This matter is something that has to be considered in the light of our constitution. At no time has this government taken any other position, nor has the party of which my hon. friend is so distinguished a member. Just think what would happen if the central government of Canada, without regard for the provinces, embarked upon a scheme which in part touched a phase of their exclusive constitutional competence. Under the constitution of this country hospitals and eleemosynary institutions are the declared reserve of the provinces. You cannot have a hospital insurance scheme nor can you have an adequate medical insurance scheme unless the hospitals of the country are part and parcel of the plan. There is no question where the party of which I am a member stands. We have advocated health insurance in our platforms as an objective. That was done, as the hon. member for Winnipeg North Centre pointed out, in the platform of 1919. It was mentioned in the platform of the convention at which the present Prime Minister was made the leader of this party. But that does not mean to say that because a party has a plank in its platform, it has got to be done overnight.

Mr. Hees: Well, do it within ten years, or fifteen years.

Mr. Martin: No hon. member will find any word of mine at any time where I said that this matter would be brought in without the proper foundation being laid.

Mr. Hees: That is the trouble.

Mr. Martin: I have had now for six years the responsibility of administering this department, and my relations with all the provinces have been most satisfactory. I think I may say I have an adequate understanding of the difficulties involved. Those difficulties are not the attitudes of the provinces, but there is also the matter of the necessary facilities to make this program work. I picked up the Ottawa *Journal* tonight, as I am sure other members did, and saw on the third page a headline pointing out the serious shortage of hospital beds in the Ottawa civic hospital. That situation is true not only of that great hospital but of most hospitals particularly in the larger centres of the country.

The reason the more meritorious scheme in Sweden has not been implemented, although it is the law, is because of the shortage of hospital beds and hospital personnel, particularly doctors. If you want to damn a scheme at the beginning all you have to do is give it immediate effect without having taken the necessary preparatory steps. When the former prime minister announced this program in May of 1948 he referred to the need of doing something in this important field. His whole life was one that demonstrated his soundness of judgment and faith in his declarations in the matter of health.

It is interesting to note what has happened since the introduction of that plan. At that time we estimated that we were short some 65,000 hospital beds in Canada. We embarked

on a program of assistance to the provinces in the construction of hospitals. Since that time we have been able to assist the provinces in the provision of over 38,000 hospital beds. That is a tremendous achievement. When that objective was stated it was argued in this house that it could not possibly be reached in a five year period. Not only have we assisted in the provision of that number of beds, but 433 new hospitals of varying sizes have been built in this country in the past four years.

In addition, when we announced this plan we sat down with the ten provincial governments, surveyed the whole scene as best we could and set for ourselves certain objectives. One of the great shortages at that time was in personnel, both in the provincial departments and in the various health groups. Our national health program has resulted in the provision of 4,500 additional provincial government health officials in this country, research people, hospital administrators, nurses, psychologists, occupational therapists and the like. These 4,500 are paid entirely out of the moneys voted for this program.

In addition we have provided over 3,500 additional health workers, individuals who are attached to local health units, individuals who are engaged in work respecting arthritis, tuberculosis control and cancer control, all supplementing the health personnel of the provincial governments. Under this program rural health care is being brought closer to the level of that in urban areas, so much so that the deputy minister of health of the province of Ontario referred to this program at a recent meeting as one that had brought rural health care to a higher level than at any time in the history of his province.

Most of these new projects were and are paid for out of the national health program. The committee will understand that the program provides for outright grants except in the case of cancer control and hospital construction, where the principle of matching with the provinces is entertained and serves as a condition precedent. I think I can say that the program has resulted in putting new life into provincial campaigns to lessen child and maternal mortality, to control diseases like diphtheria and typhoid, and to counter the great cripplers, polio, arthritis and rheumatism. As the hon. member for Lanark said last night in his excellent speech, we have to face the fact that the infant mortality rate in this country, while it has improved in the last decade, is still behind that of Iceland and some other countries. That problem has to be met and is being met under this program as I have indicated.

[Mr. Martin.]

The provincial governments are now enabled as a result of the financial assistance we give them to add new divisions to extend the scope of their public health services. For instance, right here close to Ottawa, in the county of Carleton, the county health unit is paid for half by the federal government and half by the county. There are many health units in the province of Ontario. Until the advent of this program most of the health units were paid for by the province and by the county concerned. This project provides assistance for extensions of existing programs or for new programs. The local unit in Carleton county was an extension of a program. We pay half the cost and the county the other half, thereby relieving the province of its financial responsibility for that particular area.

Likewise the provincial laboratory in the city of Ottawa is now being replenished with new and needed equipment under this program. Then there is the amount of equipment provided in our mental institutions and the number of occupational therapists who have been trained. In the Whitby mental hospital alone, one of the very good mental institutions of this country, you will find that we have provided equipment costing almost $300,000 to give the directors there an opportunity to provide more up-to-date care for the mentally ill. We are engaged in a program of building mental health clinics throughout the country. As the hon. member for Lanark and the hon. member for Eglinton said, mental illness is one of the great challenges that face many countries of the western world. The largest single grant in the national health program is for mental health.

When one realizes that 50 per cent of the bed occupancy in this country is by people suffering from mental illness, one gets an appreciation of the immensity of the problem. We have assisted in the provision of 8,000 mental hospital beds under this program. We have already provided under the mental health program fourteen mental health clinics, the idea being to try to reduce the number of people who go into these institutions. We want to see if we cannot cut down the population in the mental institutions. Our aim is to have a program of prevention to deal with people before they have to go to such institutions, or prevent them from going altogether. Experience of countries which have carried on this program has revealed that mental health clinics attached to hospitals or to public health units are capable of dealing with and anticipating many cases, in both adults and children, in this advanced way. That program is one we are very anxious to see in full operation. All these

things are a very important part of any medical or hospital care insurance program.

When we began this program we did not wait until the surveys were undertaken. The government had given consideration to that. At first we took the view that we should not inaugurate the plan until we had a careful assessment of the problem as it was seen in the provinces, but we knew there were certain things which had to be done. And we knew there were conditions precedent to ultimate action. We went ahead and built hospital beds, provided additional medical research, did something about crippling conditions among children, assisted the provincial governments and the voluntary organizations in their tuberculosis programs, did something about mental health, and did something about general public health. We went ahead on the basis of the facts as we knew them but, at the same time, we said to each provincial government: We would like you to undertake a survey in your province to see what the situation is, as it is seen not only by your officials but as well by the most qualified people in the field. As they come in I am tabling in this house the various health survey reports which have taken some three and a half years to prepare. The federal government provided $500,000 to the provinces for that purpose.

I am sure very few hon. members have had the opportunity of reading any of those reports completely because they are monumental documents, but those who have looked at them will realize the great effort and study that has been put into them. We find now that we underestimated the number of hospitals needed in many parts of this country. All one has to do is to look at the Ontario health survey report and one will see that we underestimated the number of beds which it is thought in this report will be required.

The recommendations in all these reports are very germane to this discussion now. My hon. friend, the member for Broadview, agreed that we could not do anything in this field without consulting the provinces, and that it would be unwise to embark immediately on a program without having provincial action. But the province of Ontario has made no recommendation about health insurance at the present time. As the member for Winnipeg North Centre said, only two survey reports thus far have urged the kind of scheme that has been discussed here today, the province of Saskatchewan and the province of Alberta.

If my hon. friend wanted to pursue the plan he has been so assiduously promoting, he would have some considerable influence with the premier of the first province of the country, the largest province. I am sure that to the minister of health of the province of Ontario his views would be of great interest. The gentlemen in the provinces have to look at the problem in the same light we do. It is a problem that has an objective which we want to achieve, but it can be achieved only when preparatory steps have been taken, so that when the objective is achieved the scheme does not fall down simply because preparatory steps have not been taken.

These surveys are of the greatest importance but no one has emphasized that except the hon. member for Winnipeg North Centre. He has only referred to the recommendations of two provinces, but that is because I am sure he has not had a chance to give careful analysis to the other recommendations, or even to read the other reports. When the house sees the report of the province of Quebec and that of the province of Nova Scotia they will realize that it is one thing to get up and say we must do something, and another to realize you have the responsibility for proposed action. You may want to see a thing done but you also want to see it work well. You do not rush into a scheme of the immense proportions we have here without laying the foundation. My hon. friend the Minister of National Revenue asked what I thought was a very appropriate question last night. He asked the hon. member for Winnipeg North Centre: How are you going to finance the scheme? That is a very important consideration.

My views on this matter are well known. I have spoken of them in this house and elsewhere long before I came to this house. My views on the subject are known all over this country. I certainly would not want to embark upon a scheme until that scheme was ready to be embarked upon. I certainly would not want to embark upon it unless I knew we could count on the co-operation—not only co-operation by word of mouth but co-operation in dollars and cents—of the provinces themselves, and of the people of this country.

A scheme such as my hon. friend has been talking about and such as has been discussed generally here is one that will envisage contributions from three sources: from the federal government, from the provincial governments, and from individuals. When the Prime Minister announced this program four years ago, what was the situation in the world? We did not have a defence program of $2 billion a year to face. Our federal and provincial government social security expenses now are $1,500 million and of that $1,500 million the federal government is responsible for 80 per cent.

Now what are we charged with today in this country, in this house? We are charged with having overtaxed the people of Canada.

Some hon. Members: Hear, hear.

Mr. Martin: The hon. gentlemen say "hear, hear", but that is the charge. Our answer to that is that while it is true we have the highest tax load ever experienced in peacetime, it is because we have embarked upon a defence program as well as maintaining the other normal functions of peacetime government. We have at the same time, in the light of our capacity as we see it, embarked upon important social security and health programs.

What would a health insurance program cost? My hon. friend said $400 million. A health insurance program in this country would cost much more than that. Such a program in this country would have to face the matter of additional costs of all kinds; and what the government has to consider is whether, in the light of our tremendous financial commitments for defence and all our peacetime activities, we could meet the additional burden that would be imposed upon us. It is all very well to talk about this sort of thing and to say just do it, but we can only do it in one way; that is by imposing an additional financial burden on the people who have to pay for it.

Some hon. Members: Hear, hear.

Mr. Martin: The money for all these schemes—for old age pensions, for family allowances, and for all these things—comes from but one source, and that is the hard work of the Canadian people.

Some hon. Members: Hear, hear.

Mr. Martin: They are carrying a big load now. We think it is a load that is within the capacity of this nation; to go ahead without consideration from the provinces, without consideration of their attitude, I suggest would be not only unwise; not only would it have the elements of irresponsibility, but it would have the elements of danger, so much so that the scheme itself might not succeed.

I believe the national health program we have undertaken in this country in collaboration with the provinces is a necessary groundwork. I am asked to declare now when such a scheme is to be adopted. Of course in keeping with the traditions of responsible government that is the prerogative, as it must be, of governments themselves. Whatever the policy of the government may be in the light of the continuing situation, that is a matter which the government will announce on its responsibility when it thinks the appropriate moment has come. When will that be? Well, many hon. members have been suggesting that we have been making all sorts of studies. Of course we have been making studies. A few years ago we were charged with not making any. While we have not been criticized for—

Mr. Knowles: The charge bore fruit.

Mr. Martin: I have no better authority for the decision on the present course than the words of the hon. member who has just interjected. This afternoon he said, and I fully agree with him on this, that the house is well aware how anxious some of us are to get a health insurance program established, but it is equally important that it become established on a proper basis. In my judgment the hon. gentleman never uttered truer words.

Mr. Knowles: I think the minister should give the rest of the quotation. I stand by the words, but I was referring to one plan as contrasted with another.

Mr. Martin: If that was the case I accept what my hon. friend has said, but just as the words of a good man are applicable to any situation, so are his words in this particular context.

This program upon which we have embarked is important. The work of building hospitals, providing medical research, providing for cancer control and t.b. control, providing for improvement in mental health —those are very important efforts and are a very important basis for what might follow. It is a program that has won, I am happy to say, the complete co-operation of the ten provincial governments. It is one of which this country can be justifiably proud.

I conclude what I have to say by mentioning what I said a few minutes ago, when I was asked by the hon. member for Winnipeg North Centre whether we were going to establish a health insurance committee. I told him then, as I tell him now, that all the provincial health surveys are not in. Not one of them has yet been fully assessed by the provincial governments or by ourselves. These surveys are going to take a good deal of honest digging, in which we are now engaged. On top of that is the fact that the most important—as I said last night, on the authority of the American public health association—morbidity and sickness survey ever undertaken in any jurisdiction is the one we started about two years ago under this program. Using 40,000 individual cases, we are seeking to estimate medical care costs and hospital care costs as they apply to individuals, as they apply

to families and as they apply to local communities. This survey is just about complete, and we are going to assess that. When we have made these assessments the government will be in a position, in the light of the over-all obligations that it has with provincial governments, and with many other problems, to decide the next step.

Mr. Knowles: Mr. Chairman, it is good to know that the minister, speaking for the government, has not gone back on the promise some day to establish health insurance in Canada. It is good to know that some day there is to be an announcement of the next step. But, Mr. Chairman, in spite of the excellent case which the minister may feel he has made for delay in this matter, that is all it amounts to, simply delay and delay. He cannot turn aside the fact that this subject has been studied by his party for 33 years, and very actively for the past 10 or 12 years.

I submit, Mr. Chairman, that the evidence the minister piles up concerning the amount of study and research that has been conducted only demonstrates that we should have had that special health insurance committee at this session. In fact the more the minister makes it clear that his department is possessed of a mass of material, the more tragic I feel it is that that committee was not appointed. I would hope that had the committee been appointed it might have gone a long way toward making recommendations to parliament. But even if it had not been able to wade through the mass of material the department laid before it, and thus reach the point of making recommendations, at least it would have been an education for the members of the committee, for members of parliament generally and for the public to have that material laid before the committee, studied, digested and given to the public generally. I am still not satisfied with the answers that have been given as to why this change was made.

Last June we were certainly given the impression that we were to have a committee at this session. Last fall when we were down here we were certainly under the impression that when we came back for the 1952 session, we would have a health insurance committee. As a matter of fact, when I left home in February to come to this session it was still very much in the news that one of the most important matters before parliament at this session would be the special committee on health insurance. It was only after I arrived in Ottawa the morning the session opened or the day before, I forget which, that one of my friends told me he had seen a rumour in the newspapers that the health insurance committee had been called off. A decision made in that way, so suddenly, I suggest was not only a disappointment—I think to the minister too—but a tragedy for the people of Canada.

I believe the minister protests too much in the effort he makes to explain why we must wait still longer before the next step is taken. I agree with his statement that any health insurance plan must be well founded. He knows that when I made that statement this afternoon, I was making it in reference to the kind of plan to which the member for Broadview had referred and the kind of plan to which the member for Eglinton had referred. I was making it clear that I wanted a plan that would provide health insurance not just for the healthy and the wealthy but for the entire community. Indeed, one very excellent way to get that health insurance plan well founded would have been to have a committee dealing with this matter and getting information on this question out to the public. We have lost that chance for that type of educational work, for that kind of ground work, at this session. I repeat that, in my view, it is a tragedy.

Tonight the minister used the words the Minister of National Revenue used last evening: what about the cost? The minister picked up the figure I gave of $400 million, and said that a health insurance program would cost a great deal more than that. He has not yet given a figure. "A great deal more than that" he says, and that might be another $100 million or a total of $500 million. When I gave that figure of $400 million last night I gave it as a figure representing approximately the amount of money Canadians are now spending on health and hospital care. I arrived at that figure by adding together certain figures in one of the sessional papers the minister had tabled.

I reminded the Minister of National Revenue last night, as I now wish to remind the Minister of National Health and Welfare, of what was said in the report of the committee on old age security with respect to this very question, namely the cost of a health insurance program. I quote now from page 104 of that report:

> It has been estimated however that the over-all cost of a comprehensive system of health insurance would probably be not less than $300 million annually—

I have been prepared to accept a higher figure.

—although it must be added that a large—

Mr. Martin: Twice that.

Mr. Knowles: All right; twice as much, if you will. I suggest to the minister, while I am interrupting this quotation, that it is not a case of whether we can afford to have health insurance; we cannot afford not to

have it. The minister knows that view was expressed clearly in a document to which I drew his attention before. Then, to go on with the quotation:

—although it must be added that a large proportion of such an amount would represent not a new burden on the people of Canada, but merely a re-channelling of existing expenditures on various forms of health care.

Now, I do not wish to oversimplify the matter. I do not wish to get away from the fact that when we have a health insurance program we will be spending more on health than the total amount we are spending now. Once we have a health insurance program many forms of health care people are not getting now will be made available to them. Indeed that is one of the reasons for having a national health insurance program. But the minister should not give the impression that whatever figure he gives, be it $400 million or $500 million or $600 million, is a new sum of money the whole of which will have to be found. A large portion of it, perhaps half or three-quarters, will simply be a rechannelling of money that is now being spent on health care by the people of Canada in one form or another.

The minister has indicated that a great deal of study has been given to the matter. We have these various recommendations, and it does seem to me that he should go a bit further than he did tonight. He should give the House of Commons the assurance that an early opportunity will be provided for a committee to study all this material, and get moving on a health insurance program.

He does not like us to use that language. He does not like us to say, "Get moving; get going." Well, what does he want to do? Does he want just to sit and wait? We have to get moving somewhere, somehow, and the experience we have had with old age pensions bears out the validity of the position the minister took last year, that it would be a good idea to have a committee of this kind.

The minister spent a good deal of time just now, in the earlier part of his remarks at any rate, in criticizing the plan in existence in Sweden at the present time, and in that part of his speech he disagreed with the remarks of the hon. member for Broadview. But he did not comment on the plan proposed by the new legislation in Sweden. He gave his opinion as to why it is not yet in effect, but he did not say whether he favoured the new plan as against the old one. I certainly do.

He did not comment on the plan in Denmark. He did not comment on the plans in Great Britain or in New Zealand, which have been studied by his department through the provision of the money we are now voting. I feel we are entitled to some further statement from him as to the type of health insurance plan he and his officials feel would be good for Canada, in the light of studies that have been made under this very note.

I feel, too, that the minister should face up to the fact that old age pensions in the first place were brought in before all the provinces were ready to participate. Indeed Mr. King made it clear, once he had been put in the position where he had to bring in old age pensions, that he was not going to delay the bill because some provinces did not want to come in. He made it clear that since the measure was a good one, and since some provinces were ready to participate, they should be given that opportunity.

As I have already said, the Saskatchewan health survey report recommends that the same policy be pursued with respect to health insurance. Let me read again paragraph 5 of its recommendations as they appear at page 226 of the report. It says:

In the event it is decided that health insurance is to be organized and administered on a provincial rather than on a national level, the federal government should adopt immediately the provisions for a national health insurance program as contained in the proposals to the provinces in 1945.

May I interject to point out that because this comes from Saskatchewan it does not follow that it has any particular political flavour. It does not come from the provincial government of that province; it comes from a health survey committee consisting of very eminent people in the field of public health, appointed under the direction of the present minister. It will be noted that this committee recommends that we should have immediate adoption at the federal level of a national health insurance program as contained in the proposals made to the provinces in 1945 by this very federal government. I go on with the quotation:

The federal government should establish basic standards to be met by the provinces as conditions for receiving the grants in order to provide at least minimum uniform benefits throughout all Canada, with reciprocity of benefits for insured persons moving from one province to another.

I feel that while we are on this item, in which we are asked to vote money for health insurance studies, the minister should tell us something further about what he thinks of the new proposal in Sweden, what he thinks of the plan in New Zealand, what he thinks of the plan in Great Britain, and what he thinks about this recommendation made by the Saskatchewan health survey committee for the immediate establishment of a nation-wide health insurance plan with

a provision for provincial participation. All the evidence makes it clear that the time has come for action on this very important question.

Mr. Hees: When the minister was tearing down this Swedish plan, which has been in successful operation for 25 years, he made a point of playing with figures. He said there were no children insured under the plan, and that only 50 per cent of the people in Sweden participated.

I wish to refer to page 6 of his own memorandum, and to quote therefrom:

> In 1933 there were just under one million members, but in 1949—

And this shows the natural healthy growth of a plan which is successful.

> —this had risen to nearly three million adult members, with over 1·23 million children covered for medical benefits through some 1,100 funds; this coverage represented approximately 60 per cent of the total population.

There is an awful lot of difference between one and a quarter million and no children, as the minister claims. There is a lot of difference between his claim of 50 per cent, and the 60 per cent which is the actual figure of coverage today. It seems to me too bad that when he tries to tear down a plan which has been successful in another country, he cannot use correct figures when taking part in the discussion.

The minister also made a great point of saying that I had suggested bringing in a plan without the co-operation of the provinces. Of course that is a lot of nonsense. It is so obvious to anybody who deals in health matters that they are a provincial responsibility that, in talking to the minister, I did not think it would be necessary to cross the t's and dot the i's or to underline every word, as would now seem to be necessary. So I think that kind of criticism from him was a little bit unnecessary. What we have actually heard has been a stock speech, which we are used to getting in this house, on the accomplishments of the department. Every hon. member knows the health department is doing a reasonable job. Nobody is denying that. We are going ahead every year in health matters. Nobody denies that in the slightest. All we have had tonight is a stock speech outlining these things for us once again. What the minister actually said in essence was that we are not going to get a health insurance plan. That seems to be plain. What I would suggest to this government is that they therefore stop promising health insurance at every election and by-election, and on every platform, until they are in a position to present an actual plan for examination by either a committee of parliament or by this house itself.

Item agreed to.

General health grants—

275. To authorize and provide for general health grants to the provinces, the Northwest Territories and the Yukon Territory upon the terms and in the amounts detailed in the estimates and under terms and conditions approved by the governor in council including authority, notwithstanding section 30 of the Financial Administration Act, to make commitments for the current year not to exceed a total amount of $53,968,409, $27,500,000.

Mr. Knowles: This is an item we are always very glad to support. It is the item for the continuance of the health grants program. I should be glad if the minister would say a bit about the situation which is indicated by the way the details are set out in the back of the book, particularly on page 341. It is noted there that the total health grants program amounts to $53,968,409. Then there appears this notation:

> Less estimated amount required for commitments nominally to fall due during the fiscal year, in accordance with the health grants program detailed above, but not required for actual expenditure during that year.

The amount thus subtracted is $26,468,409, which leaves the net figure that we are being called upon to vote tonight, namely $27,500,000. That deduction of $26,468,409 is set against all the items in the health grants program. Can the minister tell us what are the particular phases of the program for which commitments are being made but in connection with which expenditures for this year are not anticipated?

Mr. Martin: The sum of $17,100,000 odd is for the unexpended balance in the first two years of the hospital construction program; $1,031,000 increase in mental health grants; $48,100 is a new item for the Northwest Territories; $28,600 is a new item for the Yukon, and $251,000 represent changes in the various grants as a result of the new census figures.

Mr. Knowles: Those are the amounts that are not to be spent this year?

Mr. Martin: May not be; we do not know.

Mr. Knowles: Can the minister explain why they are included in this year's figures and then subtracted from them?

Mr. Martin: The provinces may commit us, you see; we do not know. We have to have the authority to do it if they do, and we will approve the project. Projects approved and begun in one year may not be paid for until the next year.

Mr. Bryce: I want to draw the minister's attention again to the West Kildonan health committee. I took the matter up with the

minister some time ago, and again a year ago when they were in need of funds to carry on. Well, they did get some help. They are now in need of a grant, and I want to bring their need before the minister.

The West Kildonan clinic has been in operation for twelve years and is financed by grants from the municipal council and the school board. It attempts to look after the dental needs of school children who are unable to afford other dental treatment. The clinic operates two mornings each week. A recent dental survey of all West Kildonan school children, grades 1 to 8, indicated that the clinic, operating as at present, cannot begin to meet the need.

When I asked the minister about that he told me to go to Hon. Ivan Schultz and he would look after it. It has not worked out that way. I think the work the ladies and gentlemen have done in carrying on in West Kildonan is something worth while. The dental health of the West Kildonan school children is something better than average, and they feel that this fact is explained by the existence of the clinic since 1938. Operating on the present basis of two periods per week, during the school year, it is not possible for the clinic to cope with the work to be done. They are doing a wonderful job. I am not going into the whole thing. I have the report for 1951. Last year they examined 1,141 children. Out of those 634 needed amalgam fillings; 361 needed extractions; 62 needed silicate fillings; 11 needed prophylaxis; 18 needed orthodontia; 4 needed scaling; 138 needed immediate attention and 369 had no defects. I have the other reports that the secretary of the West Kildonan dental clinic, Miss Arnold, was good enough to send me.

I do not want to leave the impression that they have never got anything, because they did get a grant in the amount of $1,135. That was for a dental unit in the amount of $575; a sterilizer in the amount of $135 and filling supplies and instruments, mat, stool, forceps and sundry supplies to a total of $425. But they could do a far better job if they could get a little more money. I am making this appeal to the minister, asking him whether he will see his way clear to take the matter up with Hon. Ivan Schultz. I should like to read one paragraph from a letter the minister sent to me as follows:

> If this is an extension of their present services, it would seem to me that they would be eligible for assistance under the general public health grant of the national health grants program, and the proper thing for Miss Arnold to do is to make application for assistance under the health grants program directly to the provincial health department.

[Mr. Bryce.]

This is an extension of the present services. All the children they have in the schools cannot be treated now, and the two days a week are not sufficient. We need more time than that, and with additional funds they could do the job. The reason Hon. Ivan Schultz gives for not supplying them with any further grant is:

> The reason stated for rejecting our application is that the Department of Health does not consider it advisable to subsidize any existing regular clinics other than by the purchase, when required, of added dental equipment and supplies.

I hope the minister will give this favourable consideration, because it is worth-while. These people are trying to do something for themselves. The municipality is paying so much, and the school board is paying so much. If the dominion government comes along with a few dollars we will then be able to take care of many more children.

While I am on my feet I should like to refer to the grants made by the federal government in co-operation with the provincial governments, and especially to those in my own constituency in connection with the mental hospital at Selkirk. I believe these grants justify the extra expenditures that are being made. Other smaller hospitals have been getting grants which have proved of great assistance. While these estimates are up $2·5 million I do not think the taxpayer is going to worry very much when that is being spent to provide better care for those who are mentally ill or those who are crippled and unable to earn their bread and butter. I would like the minister to do something for the West Kildonan clinic, and at the same time I want to thank him for what he has done for the constituency of Selkirk.

Mr. Martin: Perhaps the hon. gentleman and I can look at that matter again.

Mr. Knowles: Could the minister indicate what is being done in connection with multiple sclerosis. While a good many diseases are referred to in the annual report, this one is not mentioned at all. I believe a survey was made at Winnipeg in which the federal government participated along with a United States agency, and perhaps there are other projects in which the government has had a part and about which we might be told. The hon. member for Lanark referred to the matter last night. As the minister knows, there is a great deal of interest in this disease, and many people hope its mystery will yet be solved.

Mr. Martin: In addition to the survey to which the hon. member has referred, we have made arrangements with the neurological institute directed by those eminent men, Dr. Penfield and Dr. Cone, to carry on

research work in this connection. In addition we have provided for two other research projects, one at Toronto and one at McGill.

Mr. McLure: Is anything being provided this year for the assistance of those who are incapacitated? The minister knows we have had this matter up so often that it is becoming almost threadbare.

Mr. Martin: That is a welfare problem which does not come under this item.

Item agreed to.

Welfare branch—

288. Welfare branch administration, $35,846.

Mr. Knowles: Yesterday the minister promised the hon. member for Temiscouata that under this item he would reply to his question as to the possibility of increasing family allowances. Can the minister say whether consideration is being given to that and at the same time whether consideration is being given to increasing the payments under the Old Age Security Act? Perhaps he could also answer the question just asked by the senior member for Queens as to what is to be done for incapacitated persons.

Mr. Martin: When the hon. member for Temiscouata asked his question yesterday I asked him to display his usual patience and allow me to answer it under this item. He asked me to remind the committee that the Family Allowances Act had been placed on the statute books in 1944 on the initiation of this government. His specific question was whether it was the intention of the government to double family allowances. I answered that question when we dealt with a question asked by the hon. member for Assiniboia. I pointed out that family allowances now represented an annual payment of $332 million; that the results of that program were very constructive indeed in their ensuing consequences and in the light of our over-all obligations both in health and welfare and our immense defence projects it was not the intention to increase further the payments in connection with family allowances.

Mr. Knowles: There were two other questions, one as to old age security and the other as to the incapacitated.

Mr. Martin: What was the question?

Mr. Knowles: Is consideration being given to increasing the payments under the Old Age Security Act?

Mr. Martin: Not at this time.

Mr. Knowles: So here again it appears that we shall have to wait for the next step.

Mr. Martin: I have already made a calculation of the cost of the suggestions that have been made on these items alone, and I find that they would require $1,500 million in addition to what we are spending already in the field of health and welfare. We have to keep in mind the context and capacity in connection with these matters. There is no intention at the present time of doing anything further.

Mr. Knowles: When the minister uses these astronomical figures he should always point out, as he does sometimes, that he is including not only what is paid out of the federal treasury but what is paid out of the provincial treasuries. Sometimes I think he goes even further when he gets enthusiastic about what is being done.

Mr. Martin: It depends on my mood at the moment.

Mr. Knowles: I was wondering if you are getting back into a good one.

Mr. Martin: I am a little fatigued.

Mr. Knowles: I suggest that when these allegedly astronomical figures are used they should be considered, not in the light of what our budgets are or may have been in years gone by but in the light of our gross national product. Staggering though they may seem to the minister, when we ask for social security in the terms in which we do we are not asking anything out of the way for the people who produce the nation's wealth. We have received answers, unsatisfactory though they are, with respect to family allowances and old age security; it is time for the hon. member for Queens to get an answer to his question concerning pensions for incapacitated persons.

Mr. Martin: I always remember the observation made in this house by the leader of the opposition, which I think was sound, that there are responsibilities that belong not to the federal government alone but also to the provincial governments. On that particular occasion he was reminding the house that it was the obligation of the federal government to recognize that fact.

The province of Ontario has taken the initiative among the provinces by providing a scheme of disability pensions on a restricted basis, but on a basis that merits examination. It is not our intention at this time to enter that field beyond what we are now doing. We are providing many other forms of benefits to a restricted group. In the light of our own over-all obligation I cannot go further at this time in the statement I am now making.

Mr. McLure: There is no survey being made—

Mr. Martin: Yes, there is.

Mr. McLure: —to find out what it would cost to take care of this?

Mr. Martin: Yes. I am glad my hon. friend mentioned that. In the sickness survey, as I mentioned a year ago, we were including in our examination of the individuals being examined their income capacity, their income return, and also the nature of their disability. When the sickness survey results are made known I hope we will have a very satisfactory picture in that regard.

Mr. Green: Has the minister's attention been drawn to difficulties in connection with the establishment of Canadian residence for purposes of qualifying for old age security? I have in mind particularly the cases of two persons whose difficulties came to my knowledge. There was no question that they were Canadians. They had gone abroad before the recent war. They still had their assets in this country, but when they tried to come back during and immediately after the war it was impossible to get transportation with the result that they were tied up, in one case in Australia and in the other in South Africa. Now they find they cannot qualify because of the wording of section 3 of the Old Age Security Act.

Mr. Martin: You mentioned one of those cases to me.

Mr. Green: I notice there is wide power in that section to make regulations, and I am wondering whether it would not be possible to make a regulation to cover genuine cases of that type, where the person simply could not get back. It was a physical impossibility, because of the war situation and the transportation shortage after the war, for these people to get back to Canada.

Mr. Martin: My hon. friend brought one of those cases to my attention, and we have had several others. I have no power of course under the regulations section of the statute as it now exists to violate the substantive portions of the act. That matter is one we are studying.

Mr. Green: Consideration is being given?

Mr. Martin: We are studying that matter.

Mr. Green: I am referring only to cases where people were kept out by reason of the war.

Mr. Martin: That is right. You mentioned one case to me.

Mr. Green: I do not think I ever took it up with the minister. I did write to the deputy minister.

Mr. Martin: Then they brought it to my attention.

Item agreed to.

[Mr. Martin.]

Family allowances and old age security—

289. Administration, $2,519,943.

Mr. Knowles: May I ask the minister two administrative questions. First, what has been the experience of the department in handling these two forms of security together, family allowances and old age security? Has it worked out well? It strikes me as the logical way to handle it. Perhaps the minister would like to say that for himself. Then I have one other question.

Mr. Martin: As my hon. friend knows, the family allowances personnel is carrying on the administration of the Old Age Security Act. I think the work of the director in Ottawa and the various directors in our family allowance bureaux, and their achievements in combining both functions, have been simply phenomenal. I am happy to say that we are now providing for two less individuals doing both jobs than we had doing the one because of certain experience we have been able to acquire. The integration of the staffs with regard to the two assignments has proved very satisfactory and very efficient indeed.

Mr. Knowles: It would also seem to be the case that it is costing very little more.

Mr. Martin: Only $7,000 more.

Mr. Knowles: That would include the cost of the cheques?

Mr. Martin: We are administering the whole old age security program, which is over $300 million, as well as the $332 million family allowance program, at a cost of only $7,000 more.

Mr. Knowles: In other words, on a percentage basis you have cut the administrative cost in half. My other administrative question arises out of a number of letters I have received from persons in receipt of old age security. Would it not be possible for the cheques to go out a little earlier in the month, particularly when the month ends on a Friday, Saturday or Sunday? I say particularly when the month ends on those days because in those circumstances some people feel the need of having the cheque a bit earlier, and of course the easiest way to solve the problem would be to have the cheques go out earlier every month. To some people $40 may not be a great deal of money, but when that is all a person is getting it is rather tough to receive the cheque on a Friday, or on Saturday when the banks are closed, and be unable to get it cashed.

As the minister knows, family allowance cheques go out at different times during the month. Would it not be possible either to

stagger the old age security cheques throughout the month or, if that cannot be done, at least get them out a little bit earlier, particularly in months of the kind I have indicated?

Mr. Martin: I will look into that with treasury.

Mr. Knowles: Thank you.

Mr. MacLean (Queens): Would the minister care to state the approximate number of applications for old age pension which are still outstanding because it is impossible for the claimants to establish their age? I should also like to know what is the position with respect to old age pensioners who die. If the pensioner dies some time during the middle of a month when is the last payment made and to whom?

Mr. Martin: Out of 350,000 who had applied up to January 1 there are a little less than 1,000 outstanding.

The Deputy Chairman: Shall the item carry?

Mr. MacLean (Queens): I had a second question. I wanted to know what the position is with respect to old age pensioners who die. To whom is the last payment made?

Mr. Knowles: And for which month?

Mr. MacLean (Queens): And for which month? When is the last payment made and to whom?

Mr. Martin: Under the act the director has authority to designate the person. Usually it is the wife or the eldest child. That avoids the necessity of expenses in connection with probate and so on.

Mr. Knowles: But the full cheque for the month in which the person died is issued?

Mr. Martin: Yes.

Mr. McLure: I should like to ask a question with respect to blind pensioners who have been receiving the blind pension and who, when they reach the age of 70—

Mr. Martin: That is the next item.

Mr. McLure: —lose their blind pension.

Item agreed to.

Old age assistance and blind persons allowances—

290. Administration of the Old Age Assistance and Blind Persons Allowances Acts, $115,537.

Mr. McLure: The minister can answer my question now.

Mr. Martin: When they reach 70 they go on the old age security rolls.

Mr. Knowles: At this time of night I will not start a discussion on the point just raised by the hon. member for Queens, but it is a matter that I think should be gone into further. The hon. member for Cape Breton South dealt with it last night. I suggest that with universal old age security a new situation has arisen in respect of blind persons that did not obtain when there was a means test. As long as there was a means test on the old age pension the blind person was given a slight advantage right across the board, but now that the means test has been removed as at age 70 the blind person, who does enjoy some advantage over sighted persons up to the age of 70 in that the means test provision is a little less strict, enjoys no advantage after he reaches 70. I suggest that it is a matter that will have to be gone into.

While I am on my feet, Mr. Chairman, I would like to ask the minister the reason for there being no recipients of old age assistance in the province of Newfoundland, according to the sessional paper he tabled for me yesterday.

Mr. Martin: The agreement with Newfoundland was not in effect at that time.

Mr. Knowles: In other words, Newfoundland had not yet come into the plan?

Mr. Martin: That is it.

Mr. Knowles: What kind of a government have they down there?

Mr. Martin: A good government.

The Chairman: Shall the item carry?

Item agreed to.

293. Grant to Canadian welfare council, $16,000.

Mr. Knowles: Under item 293, which reads: "Grant to Canadian welfare council" there appear in italics these words:

Appropriation not required for 1952-53, $100,000

When one looks at the details on page 347 one finds that the item which is allegedly not required for 1952-53 is a grant to schools of social work. I have already indicated to the minister earlier in the session my regret that these grants were withdrawn. His answer was that they were incorporated into the grants to universities out of the federal treasury.

It was unfortunate that this special assistance to these schools of social work in which the federal Department of National Health and Welfare had an interest was discontinued. This withdrawal was one of the factors in a very unfortunate development in my own province of Manitoba. I will not rehearse the details tonight; the minister is familiar with them. I know that a good deal of the trouble lay with certain persons in Manitoba

itself. Some of the university authorities there took an attitude toward the school of social work which many of us thought was unwarranted. Indeed there was a pretty strong popular protest against the closing of the school of social work in that province. That protest has resulted in steps which have made it possible for the school to be reopened on a tentative or temporary basis.

I certainly hope arrangements can be made for that school to continue. As the minister has said in previous years when we have been passing this item, these schools do very valuable work. One of the reasons they were able to do that work was the direct grant given under the minister's estimates. I am sorry they were discontinued on that specific basis. In my view it was a mistake.

The Chairman: Shall the item carry?

Item agreed to.

294. To provide for the civil defence program and to authorize total commitments against future years in the amount of $575,000, $6,508,839.

Mr. Harkness: Mr. Chairman, this is the item covering civil defence. I shall not at this time go into the arguments or remarks that I have advanced at various times during the past three or four years to indicate the extreme importance of civil defence. The fact that the government has finally realized that it is really a matter of some importance is indicated by the fact that some $4 million odd was appropriated last year and that figure is up this year by better than $2 million.

Although $4,196,202 was appropriated for this last year, in the list the minister gave yesterday of expenditures of his department, which appears at page 2967 of *Hansard*, I see that expenditures on civil defence are listed as being only $844,851. I would like to ask how those two figures are reconciled. It would appear from these figures that $4 million odd was appropriated but only $800,000 was spent on this extremely important matter.

Mr. Martin: As my hon. friend knows the estimate was higher than the amount actually spent. I think the house would generally agree that it is very fortunate that we have not had to spend more. I have had to make an assessment of the situation as we see it, in the light of the international situation and in the light of the action the provinces themselves are prepared to take. There were other factors, such as the difficulty of getting certain kinds of equipment.

What the situation will be this year, in the light of our assessment, I do not know. We have budgeted, as my hon. friend has said, for a higher figure. We have also incorporated into that a provision which extends the proposed direction that the federal government has been willing to give in this matter. Instead of providing only for equipment, training material, training schools, paying expenses of trained personnel, directors and so on, we are going to extend by entering into a matching arrangement with the provinces, and we will be prepared then to entertain, on a fifty-fifty basis, any project which they feel should be undertaken in this field over and above what we have heretofore done.

I am sure the house will remember that we recently had a visit to Canada by the director general of civil defence training in the United Kingdom, Sir John Hodsoll, who perhaps has had more experience in civil defence than any other individual in the world, certainly in the western world. He has visited us several times, and our officers have visited him. We have modelled our civil defence organization pretty well along the lines that he established in England both during and after world war II. His contributions to us have been very helpful, and I would remind the house of the statement he made in London the other day when commenting on his visit to Canada and the United States. I quote from the Montreal *Star* of May 9:

Canada Tops U.S. in Civil Defence

Sir John Hodsoll, Britain's number one expert on the subject, said today he rates Canada ahead of the United States in civil defence. Back from a visit to Canada, where he watched a rehearsal of defence services, Sir John said much progress has been made in the last couple of years.

That is in Canada.

"They are rapidly catching up on our own organization," said the head of Britain's civil defence services. "The Americans on the other hand are more apathetic."

He said he hopes to see an exchange system for civil defence instruction arranged between Canada and the U.S.

I merely mention that as an indication of his general concurrence with the lines we have taken. I may say that at the recent conference we had with the provincial governments here we were able to arrive at a very considerable measure of agreement, and the general opinion was that in our combined efforts we were proceeding along sensible lines, building up the basis of an adequate civil defence organization not in its ultimate terms but in those terms which, in the light of circumstances as we see them, are practicable and necessary at this time.

Mr. Harkness: I must say that the first part of the minister's remarks are quite amazing to me. I just do not think they make sense. Last year we voted $4,196,202, and I would take from the minister's remarks that $844,000

was the actual amount spent. Then he says that this year everybody in Canada should appreciate the fact that we did not have to spend more. He commented on the international situation and apparently indicated that it was not necessary to spend more than the $844,000. But even this year the sum of $6·5 million is appropriated, and only about $2 million was spent. The two things do not jibe. We have been told by the Prime Minister, the Secretary of State for External Affairs and others that the international situation has improved during the past year. In the light of those statements the earlier part of the minister's remarks just do not make sense. If his defence for spending so little is correct, then there should not be as much as this appropriated for this year. If the amount appropriated for this year is required, then the amount that was estimated would be required for last year indicates that something is wrong in the way this matter has been handled.

I believe the minister stated he was sure everyone in Canada would appreciate that there had not been a greater expenditure than there has been. Personally I do not appreciate that fact at all. I think the money should have been spent; not only that amount, but that probably considerably more could have been profitably spent. I believe the fact that such a small amount was spent really indicates a lack of energy and a lack of leadership so far as the minister and his department are concerned in carrying out this phase of their work. I believe that instead of being applauded for saving money they should be censured for having done so little. The minister quoted certain remarks made by the British civil defence head following his visit to Canada. I do not think those remarks could be taken as an endorsement of what the minister has done, or perhaps I should say what he has not done. I believe it creates quite a wrong impression to quote those words.

To touch on a specific question, last year we had quite a long discussion on this matter, and at that time the subject of the discussion was the standardization of hose couplings across Canada. Part of the money that was voted was to be used to assist the municipalities in carrying out this hose standardization program. I should like to ask the minister how far that standardization program has gone, how much assistance was given, and how much remains to be accomplished.

Mr. Martin: I noticed what the hon. member said earlier about the lack of leadership, and that is his opinion. I put his opinion against that of Sir John Hodsoll. I am in the unusual position tonight of being criticized for not spending money. I am sure the country will be interested in that observation.

Mr. Harkness: I am sure they will, too.

Mr. Martin: The reason a lot of this money was not spent, apart from the reasons I have already indicated, was that some of this program was predicated upon a matching arrangement with the provinces. The standardization of hose couplings is one such example; that is an arrangement which depends upon corresponding action by the provinces. The provinces of Ontario and Alberta are the only ones which, within the past few months, have agreed to take advantage of this matching offer. If they had come earlier or if the other provinces had come last year, the whole amount would have been spent. For one reason or another they did not come. These two provinces have done so, and that will represent an increased expenditure. If they had come last year there would have been another $900,000 spent. Unfortunately we could not get agreement with them until within the last few months.

Mr. Harkness: The minister still has not said how much was used for the standardization of hose couplings.

Mr. Martin: I just said that last year there was none. We have entered into an agreement with the provinces of Alberta and Ontario. Pursuant to that arrangement Ontario will receive I think about $300,000 and the province of Alberta will receive one-third of the cost of their program.

Mr. Harkness: It is a little difficult to get an answer from the minister which can be readily understood. He has said that these agreements have been entered into, which would naturally lead one to believe that if they had been entered into some of last year's appropriation would have been used. Apparently they were not entered into until last year's vote had lapsed; is that correct?

Mr. Martin: No, we only entered into the agreements with both these provinces since January 1 of this year. We were ready to do so last spring.

Mr. Harkness: It still seems to me there has been something lacking in getting this done. I do not know that all the blame can be thrown on the provinces for the fact the agreements had not been entered into.

Mr. Martin: I was not blaming anyone; I was simply stating the facts.

Mr. Harkness: That was the way I understood it.

Mr. Martin: I am sorry, but I cannot give you understanding.

Mr. Harkness: It was the minister's suggestion as to why this vote had not been used. I should like to ask what progress has been made in regard to other equipment about which we heard a good deal last year. I remember there was quite a bit of talk about the provision of small wireless sets for communication purposes, which were going to be provided by the dominion government. As I remember, there was a provision for steel helmets and certain first-aid supplies. Can the minister tell us what has been done with regard to that equipment?

Mr. Martin: I am going to give the hon. member the picture in its entirety. I think perhaps that would be the best way to do it. The increase in this year's estimates reflects a development which has taken place in our program since the fall of 1950, when that year's estimates were prepared by the Department of National Defence. At that time the program was in its earliest stages, and it was impossible for the Department of National Defence to forecast accurately the trends the rate of development and the financial requirements to meet them. Sixty-five per cent, or an increase of $1,400,000, is to cover the provision of grants to the provinces for general civil defence purposes. Last year no such provision was made. It is proposed to offer to assist the provinces in meeting the cost of administration and the purchase of operational requirements for civil defence purposes by per capita grants on the following basis: target area populations will get 14 cents per capita and the non-target areas 8 cents per capita. These grants, as such, will be on a matching basis.

Mr. Green: What does the minister mean "on a matching basis"?

Mr. Martin: We will pay 50 per cent. Take the hon. member's own city of Vancouver, where they are concerned about the question of a communications control centre. There is some discussion between the province and the city concerning the financial responsibility for that particular item. If the province of British Columbia submits to us a project in respect of the building of a civil defence communications control centre in Vancouver, we would be prepared to give consideration to paying 50 per cent of the cost of that item; that is the way we would deal with it.

Mr. Green: The province is to pay the other half?

Mr. Martin: The province or the province and the municipality combined, but we would insist that some contribution be made by the province itself whether it was the full 50 per cent or a portion of the 50 per cent. We would only pay 50 per cent of the cost of the project.

The second largest increase, $624,000, was for materials and supplies, and by far the largest item is $2,100,000 for stockpiling medical supplies. This is a program under which we are engaged in the stockpiling of medical supplies at a cost this year of $12,-100,000. Those supplies will be stationed at strategic areas or existing national defence depots. There will be no loss in the event of non-use of these medical supplies that will be so stockpiled. If they are not used—and we trust they will never be needed—for purposes of war disaster, then 90 per cent of them can be used for the normal purposes of our own department or the Department of Veterans Affairs.

Then with regard to perishable items such as penicillin, we have made arrangements with the drug houses for the storage of these in their own specially equipped warehouses. There is no financial commitment involved, except the assurance by them that supplies will be available in accordance with the program.

We have increased our educational information and materials program by $166,000 to meet requests of the provinces for films, manuals and so on.

An item of $90,000 is being provided for the lease of communications services. That is a communication system for the country as a whole. The attack warning system will cost $40,000, and the attack warning system extension another $40,000. The control system for broadcast services will be roughly $10,000.

There is likewise an increase of $80,000 for travelling expenses other than staff. These are to pay for expenses of individuals sent to us by the provinces and the municipalities, who go to our training centre at Ottawa for training. We pay their travelling and living expenses.

Then another $80,000 is being provided to subsidize the St. John ambulance organization. They are engaged in the process of providing first-aid training of individuals, apart from their normal complement.

Then we will have 32 per cent of this item or roughly $2,089,000, for the acquisition of equipment such as self-propelled fire pumps; our share of the cost in the standardization of hose couplings; radiation detection systems; stirrup pumps; additional sirens; 10 rescue vehicles for the distribution to the provinces for training purposes, respirators and the like.

Then to follow up the question of the hon. member, last year we provided 65,000 helmets

to the provinces, and through them to the municipalities.

Mr. Harkness: Is that all that was provided in the way of equipment lined up last year?

Mr. Martin: Oh, no; we provided stretchers, blankets and gas respirators; we have provided manuals, films, instructors, and we have trained individuals. The total expenditures involved in civil defence are not to be calculated merely by this $845,000, because a lot of the work that goes into educational material, and so on, is the normal work that is carried on by the department itself, and includes the use of the staff. If we were, for instance, to calculate the work of the defence research board it would run into many millions of dollars. But I suspect that the way to judge the adequacy of civil defence is not merely by the expenditure of money.

Mr. Harkness: Mr. Chairman, no one is suggesting that the civil defence program is to be judged solely on the expenditure of money. Nevertheless the situation is that last year we were given a considerable number of items by the minister when he pointed out all these things they were going to do with the $4 million voted at that time. It is rather shocking to find now that a total expenditure of only $800,000 was made, and that most of the things the minister said were going to be done last year were not done. He has just given us another statement of what will be done in the coming year, and it leads one to suspect that the same thing will happen again.

Mr. Martin: I will say this, that I will not authorize the expenditure of any more money than the provinces and ourselves deem necessary. And I should think that would be in harmony with the policy the opposition has been urging for the last few months.

Mr. Harkness: Mr. Chairman, that may sound like a very nice statement by the minister; but I happen to know that at least one province thinks a considerably larger amount is necessary than has thus far been authorized by the minister or his department. That is the province from which I come. The chief complaint I hear out there in regard to civil defence is the difficulty of getting the dominion government to provide funds or equipment, or to make any definite arrangement for damage that may arise. That is the sort of problem that is holding up the full operation of an efficient civil defence plan. So what the minister just said does not apply in that province. I do not know whether it applies in other provinces or not.

In any event it seems to me that if we are going to make progress in civil defence in this country, then the government which has to take the lead is the dominion government. So far as I have been able to see in connection with this civil defence matter, right from its inception one of the greatest difficulties in so far as making progress is concerned has been the uncertainty of the sphere of responsibility of the dominion, provincial and municipal governments. As a result there has been a great deal of what one might describe as buck-passing. In many cases one government thinks some other government should be doing this, that or the other thing. It seems to me there has not yet been a sufficiently clear delimitation of the respective responsibilities, or what agreements may be made with respect to those responsibilities. That is one of the things I believe are responsible for holding up the civil defence plan at the present time.

One of the things, for example, that I know cause difficulty is making payments to persons who are injured in the course of civil defence duties. If this is not so, then I hope the minister will correct me, and say what the situation is. So far as I know no definite arrangement has yet been made.

Mr. Martin: Yes, there is.

Mr. Harkness: So far as I know no definite arrangement has been made as to who will pay for property damage which may be caused through, we will say, civil defence exercises, or from an actual raid. No decision has been made so far as I know as to who will pay for injuries caused to persons, or who will compensate them for the time they lose from their work.

For instance, I know that if reserve army personnel are on military exercises and while on those exercises are injured, they are hospitalized in a military hospital and receive pay and allowances during the time they are in hospital. But so far as I know there is no provision along that line for civil defence personnel. In the same way the government has a responsibility for property damage caused through army exercises, and generally without much question it pays the damage.

Mr. Martin: There are compensation agreements.

Mr. Harkness: The minister has been attempting to say something for some time.

Mr. Martin: Yes, I have been trying to.

Mr. Harkness: Then would he tell us exactly what the provisions are in regard to these two matters, namely property damage and compensation to civilian personnel suffering injury?

Mr. Martin: With regard to property damage there is no agreement. The provinces

and ourselves thought the time had not come; and there is no such agreement in any country in the western world. Then with regard to compensation to civil defence workers, the situation now is that during 1951-52 a policy was established whereby the federal government would pay 50 per cent of costs incurred for compensation purposes under workmen's compensation acts for persons injured undergoing civil defence training. We anticipate that during the present fiscal year we will have an agreement signed with all the provinces. We discussed that at the recent conference and there was general satisfaction with the agreement. I think the one with Ontario is practically complete in all its terms. Provisions for compensation for civil defence workers are now under way.

Mr. Harkness: I do not know whether I understand what the minister means. He said that compensation was going to be paid under the workmen's compensation boards of the various provinces, did he?

Mr. Martin: We are using the machinery of the workmen's compensation boards, and we will undertake to pay 50 per cent of the cost involved.

Mr. Harkness: What I would understand by that is that a person who is in the civil defence organization and is injured in the course of his duties will receive compensation at the rate laid down by the provincial compensation board.

Mr. Martin: That is right.

Mr. Harkness: Which will mean, so far as the average man is concerned, certainly the man in what you might call business or professional life, that he will be receiving compensation, if he is laid up in hospital for two or three months, we will say, as a result of injury received, at the rate of approximately $20 a week, or something along that line.

Mr. Martin: It would depend on the rates of the workmen's compensation board. That was the proposal of the provinces and we concurred in that, and I think it is a very satisfactory arrangement. It is the arrangement they have in the United States, too, by the way.

Mr. Macdonnell (Greenwood): I find myself very perplexed about this question. I want to ask the minister one or two questions, not on points of detail but on the broad situation. Are the people of Canada really taking this thing seriously? When I ask that question I begin to ask it of myself and I have the answer, I think; that I have not taken it very seriously, and I am not quite sure whom to blame for that. It seems to me that we either take it seriously or we do not. Now, translating it into the matter of expenditure, the minister had it pointed out to him that only a fraction of what was appropriated last year was spent, and he said: "Are you not glad we did not spend the money?" In one sense of course we are glad to save money; but surely it raises the question whether or not we are taking this seriously.

Secondly, when the minister was asked about the estimate appropriated for next year I think his words were: "We will not spend anything more than the dominion and the provinces think is sensible." All right, I agree with that; but that again does not answer my question. The minister knows what was spent last year. He knows, for example, whether it has been accelerating. He must have some amounts in mind as to what we are to spend this year as against last year. I should like to know something about that. But more than that, and to my way of thinking much more important, are we really taking this thing seriously?

The minister quoted an official from England who was here, and who no doubt is a distinguished person whose views are entitled to whatever weight they should receive, but we do know that people who come visiting officials, if they are wise, do not say anything critical about the country they are in, and they find it much easier to say things that are pleasant. Therefore I come back again to this, Mr. Chairman. This thing either is important or it is not. If it is important, it seems to me we are not taking it very seriously. If it is not important, let us face the facts. Will the minister answer?

Mr. Martin: I will do it now. This matter is important. There can be no question of doubt about the importance of civil defence. When the estimates were before this house last year we had about 9,000 civil defence workers in Canada. Today we have over 62,000. In England they have but 200,000 civil defence workers actually enrolled. The city of Winnipeg, for instance, has more than 3,500 civil defence workers. The budget for civil defence in the city of Montreal is over $200,000 a year. I just mention these instances now to show that we are taking this matter seriously. We have a training school here in Ottawa. We have trained over 1,200 individuals in the last year and a half.

Mr. Macdonnell (Greenwood): What do they do?

Mr. Martin: They go back and act as civil defence directors and instructors in their own communities.

Mr. Macdonnell (Greenwood): Why have they not been to see me?

Mr. Martin: Some of them have been to see you. You and I had lunch with them, with no less than Sir John Hodsoll himself, and he was the one who told you—this was a social engagement, and I should not bring that in. But we had an adequate discussion. I brought the hon. member in there because I did feel that perhaps he was not taking this as seriously as I thought he should. I am glad to know that the hon. member is interested.

Mr. Macdonnell (Greenwood): I want to know who the man is in my district. He has not been to see me.

Mr. Martin: Oh, well—

Mr. Macdonnell (Greenwood): I do not know what I am to do when I get a bomb on my house.

Mr. Martin: Perhaps my hon. friend is not in his constituency sufficiently long for the man to see him. Mr. Welsh, the provincial secretary of Ontario, is in charge of the civil defence of Ontario. Air Vice-Marshal Lawrence is the civil defence director in the city of Toronto, and he has his staff. I am sure that under his capable administration the hon. member's district is being taken care of. I could find out in five minutes who the individual is and tell the hon. member who should call on him when he is next in his constituency.

Mr. Macdonnell (Greenwood): If he says he has been to see me I say he has not.

Mr. Martin: It is an extremely difficult problem. One has to take into account the possibility of immediate use, and the possibility of non-use for a long time. You can build an organization up away beyond capacity and have it suddenly fall. The expenditure that would be involved would be great and the resulting loss of morale and so on would be very considerable. My hon. friend may be assured that the appropriations that we are dealing with here represent the joint consideration of the provinces and ourselves, of what at this time we shall endeavour to do; and if equipment is available we shall be able to say next year, provided that the situation continues as we see it, that most of this money has been expended. That will depend on contingencies, however, that I cannot foresee. But my hon. friend may be assured that this matter is an important one and that the provinces, the municipalities and ourselves are so regarding it.

Mr. Harkness: The minister spoke a moment ago about the danger of the loss of morale through moving too quickly and then having things sort of peter out. So far as morale is concerned, I think the difficulty he is confronted with at the present time is just the opposite. It is that he is not moving nearly fast enough to keep up the morale of the people who have come forward up to date and been taking part in this civil defence work. Most of the people I know, at any rate, who have been taking an interest in this matter and have been trying to get something going in connection with it are now feeling full of frustration because of the fact that the equipment they thought they were going to get under the various arrangements they were making has not been forthcoming. To that extent they feel that they have been butting their heads against a very hard surface of some sort. If there is going to be any talk of morale then I think of the morale of those people who have come forward and given up their time in order to try to build this civil defence organization into something which will be efficient. Certainly I think their morale is suffering.

Mr. Martin: Alberta is one of the best provinces.

Mr. White (Middlesex East): Will the minister indicate the extent of the organization in the city of London?

Mr. Martin: Yes. I am sure my hon. friend knows Eric Harris who is in charge of the civil defence organization in that district. Under him there has been developed a network of organizations in the various municipalities. The province reports to us that that organization is working well; that it is doing an excellent job indeed.

Mr. White (Middlesex East): I am glad to hear the minister say that because I had some contact with them, and I was under the impression that probably they were the best organization in Ontario, if not in Canada.

Mr. Martin: Very good.

Mr. Nowlan: Mr. Chairman, I have some questions to ask, and since it is eleven will you let this item stand?

An hon. Member: Ask them now.

Mr. Martin: You do not want to ask them now?

Mr. Nowlan: No, I would rather not.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Monday we will resume the debate on the motion to go into committee of supply and the amendment of the leader of the opposition, and then call two departments. Then we will report progress and ask leave to sit again later that day. Then we will take up Bill No. 308, to revise the capital structure of the Canadian National Railway Company; that should not take very long, as the bill is going to a committee. We will then take up Bill No. 305, respecting immigration; that also is going to a committee. We would then deal with the resolution of the Minister of Labour concerning an amendment of the Unemployment Insurance Act, 1940. At eight o'clock we will go into supply to consider the estimates of post office and mines and technical surveys.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

259. Administration of the Quarantine and Leprosy Acts, $322,001.

260. Immigration medical services, $1,198,360.

261. Sick mariners treatment services, $588,129.

262. Grants to institutions assisting sailors, in the amounts detailed in the estimates, $2,600.

Laboratory of hygiene—

263. Operation and maintenance, $390,000.

264. Construction or acquisition of buildings, works, land and new equipment, 424,000.

265. Public health engineering, $164,065.

266. Industrial health, $232,348.

267. Civil service health, $262,457.

268. Epidemiology (including the former venereal disease control), $96,492.

269. Administration of the Food and Drugs and the Proprietary or Patent Medicines Acts, $917,832.

270. Administration of the Opium and Narcotic Drugs Act, $160,372.

Indians and Eskimos health services—

271. Operation and maintenance, $11,518,246.

272. Construction or acquisition of buildings, works, land and new equipment, $1,814,400.

273. Special technical services, $401,710.

274. Health insurance studies and administration of general health grants, $74,305.

General health grants—

275. To authorize and provide for general health grants to the provinces, the Northwest Territories and the Yukon Territory upon the terms and in the amounts detailed in the estimates and under terms and conditions approved by the governor in council including authority, notwithstanding section 30 of the Financial Administration Act, to make commitments for the current year not to exceed a total amount of $53,968,409, $27,500,000.

Grants to health organizations—

276. Canadian Mental Health Association, $10,000.

277. Health League of Canada, $10,000.

278. Canadian Public Health Association, $5,000.

279. Canadian National Institute for the Blind, $45,000.

280. L'Association Canadienne Francaise des Aveugles, $6,000.

281. L'Institut Nazareth de Montréal, $4,050.

282. Montreal Association for the Blind, $4,050.

283. Canadian Tuberculosis Association, $20,250.

284. Victorian Order of Nurses, $13,100.

285. St, John Ambulance Association, $10,000.

286. Canadian Red Cross, $10,000.

287. Canadian Paraplegic Association, $15,000.

Welfare branch—

288. Welfare branch administration, $35,846.

Family allowances and old age security—

289. Administration, $2,519,943.

Old age assistance and blind persons allowances—

290. Administration of the Old Age Assistance and Blind Persons Allowances Acts, $115,537.

National Physical Fitness Act—

291. To provide for the administration of the act, the sum hereby provided, notwithstanding sections 8 and 9 of the said act, to be credited to a separate account in the consolidated revenue fund, to be subject to section 35 of the Financial Administration Act and to be paid out by the Minister of Finance upon the requisition of the Minister of National Health and Welfare, $65,540.

292. Assistance to provinces, $146,100.

293. Grant to Canadian Welfare Council, $16,000.

HOUSE OF COMMONS

Monday, June 9, 1952

The house met at three o'clock.

HER MAJESTY THE QUEEN

TRIBUTE ON OCCASION OF CELEBRATION OF BIRTHDAY

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, today as usual before the doors were opened you led us in prayer for our gracious sovereign lady, Queen Elizabeth, but as today is the day when we celebrate Her Majesty's birthday officially in Canada the leader of the opposition (Mr. Drew) and I should like to suggest that we rise and supplement our usual prayer by singing together "God Save the Queen".

Whereupon the members of the house rose and sang

God Save the Queen.

THE LATE OLOF HANSON

TRIBUTE TO FORMER MEMBER FOR SKEENA

Mr. Daniel McIvor (Fort William): Mr. Speaker, with your permission I should like to pay tribute to a former member of the house for the constituency of Skeena, Mr. Olof Hanson. He was a man whom we knew to be a clear thinker, honest and faithful in his service and a credit to the country from which he came. He gave meritorious service to Canada. The finest tribute that we can pay to any man is to say that he was a Christian gentleman in practice, and that was true of Olof Hanson. We join today in expressing our sympathy to his wife and family and pray that they will have the comfort that always comes from Him who promised to give comfort.

Mr. E. T. Applewhaite (Skeena): May I take this opportunity of expressing my personal thanks to the hon. member for Fort William (Mr. McIvor) for what he has said. Instead of taking a great deal of the time of the house, I should merely like to say that if, when I cease to be the member for Skeena, I can be held in the same esteem as was Mr. Hanson I shall think I have done my job well.

NEW MEMBERS

Mr. Speaker: I have the honour to inform the house that the Clerk of the House has received from the chief electoral officer certificates of the election and return of the following members, viz.:

Of Gage Workman Montgomery, Esquire, for the electoral district of Victoria-Carleton.

Of Michael Starr, Esquire, for the electoral district of Ontario.

Of Albany M. Robichaud, Esquire, for the electoral district of Gloucester.

Of N. C. Schneider, Esquire, for the electoral district of Waterloo North.

GOVERNMENT PROPERTY

CONTROL OF TRAFFIC

Hon. Stuart S. Garson (Minister of Justice) moved the first reading of Bill No. 310 (from the Senate), for the control of traffic on government property.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 311, for the relief of Joseph Timothy O'Connor.—Mr. Winkler.

Bill No. 312, for the relief of Victoria Elias Abdelhay.—Mr. Winkler.

Bill No. 313, for the relief of Margaret Edith Grace Batt Trent.—Mr. Winkler.

Bill No. 314, for the relief of Pearl Abramovitch Hoffman.—Mr. Winkler.

Bill No. 315, for the relief of Lily Sperling Kofsky.—Mr. Winkler.

Bill No. 316, for the relief of Jean Isobel Taylor Cuffling.—Mr. Winkler.

Bill No. 317, for the relief of Charles William Ledger.—Mr. Winkler.

Bill No. 318, for the relief of Benjamin Gordon Church.—Mr. Winkler.

Bill No. 319, for the relief of Laura Juliette Aubert Macdonald.—Mr. Winkler.

Bill No. 320, for the relief of Jean Lesly Macfarlane Cameron.—Mr. Winkler.

Bill No. 321, for the relief of Sarto Desnoyers.—Mr. Croll.

Bill No. 322, for the relief of Jean Marc Duckett Audet.—Mr. Winkler.

Bill No. 323, for the relief of Eugene Cote. —Mr. Winkler.

Bill No. 324, for the relief of Jean Baptiste Armand Michaud.—Mr. Winkler.

Bill No. 325, for the relief of Anna Lapinska Cholewicki.—Mr. Winkler.

Bill No. 326, for the relief of Alexander William Hyndman.—Mr. Winkler.

Bill No. 327, for the relief of Vivian Mary Dickson Stewart.—Mr. Winkler.

Bill No. 328, for the relief of Stanley Baker Smith.—Mr. Winkler.

Bill No. 329, for the relief of Rebekah Ellinor Conley Burman.—Mr. Winkler.

Bill No. 330, for the relief of Allan Gowans. —Mr. Winkler.

QUESTIONS

WOOL PURCHASING AGENCY

Mr. Catherwood:

1. Is the wool purchasing agency set up under the Department of Trade and Commerce still in operation?

2. If so, how much wool has been purchased, in dollar value, by the agency since it was created?

Mr. Dickey:

1. In February, 1951, a wool division was established within the Canadian Commercial Corporation, which at that time was responsible to the Minister of Trade and Commerce. On April 1, 1951, the Canadian Commercial Corporation, upon the inception of the Department of Defence Production, became one of the associated crown companies of that department. The wool division is still in operation as a division of the Canadian Commercial Corporation.

2. The dollar value of wool purchased by the wool division up to May 31, 1952, is $26,565,351.13.

CONTRIBUTIONS TO DRAMA FESTIVALS—INCOME TAX DEDUCTIONS FOR DISTILLING COMPANIES

Mr. Knowles:

Are distilling companies allowed a deduction for corporation income tax purposes with respect to contributions made to drama festivals?

Mr. McCann: Yes, as a donation to a charitable organization in Canada.

POSTAGE STAMPS—APPROVAL OF DESIGNS BY DEPARTMENTAL OFFICERS

Mr. Brown (Essex West):

1. What are the names of the responsible departmental officials who have approved of the designs of each of the following postage stamps issued in the past year, namely (a) three-cent Prime Minister Robert L. Borden, commemorative issue; (b) four-cent Prime Minister W. L. Mackenzie King, commemorative issue; (c) four-cent postal centennial, commemorative issue; (d) five-cent postal centennial, commemorative issue; (e) seven-cent postal centennial, commemorative issue; (f) fifteen-cent postal centennial, commemorative issue; (g) four-cent royal visit, commemorative issue?

2. What office of the postal department does each responsible departmental official hold?

[Mr. Winkler.]

Mr. Cote (St. Jean-Iberville-Napierville): 1 and 2.

(a) 3-cent Prime Minister Robert L. Borden, approved by the Hon. G. E. Rinfret, K.C., M.P., Postmaster General.

(b) 4-cent Prime Minister W. L. Mackenzie King, approved by W. J. Turnbull, deputy postmaster general.

(c), (d), (e) and (f) 4-cent, 5-cent, 7-cent and 15-cent postal centennial issues, approved by W. J. Turnbull, deputy postmaster general.

(g) 4-cent royal visit issue approved by the Hon. G. E. Rinfret, K.C., M.P., Postmaster General.

QUESTION PASSED AS ORDER FOR RETURN

PRIVATE CARS FOR CABINET MINISTERS

Mr. McGregor:

1. Have any of the special private cars, retained for the use of cabinet ministers, travelled between Windsor and Ottawa, during the past twelve months?

2. If so, how many times, and on what dates?

MOTION FOR PAPERS

CANADIAN NATIONAL RAILWAYS—BY-LAWS OF BOARD OF DIRECTORS UNDER CHAPTER 172 OF THE REVISED STATUTES OF CANADA

Mr. Pouliot:

For a copy of the by-laws of the board of directors of the Canadian National Railways under chapter 172 of the Revised Statutes of Canada, 1927, as amended.

Mr. Chevrier: The return requested by the hon. member is virtually identical with that requested by him previously and to which I replied on May 26. The answer which I must make today is the same as made on that occasion. There are virtually no by-laws of the Canadian National Railway Company which were passed under chapter 172 of the Revised Statutes of Canada, 1927.

I am informed, however, by the company that such by-laws as do exist were passed pursuant to chapter 170 of the Revised Statutes of Canada, 1927; that all are of a private or domestic nature concerning the internal management of the railway, not affecting the public generally; and that the company objects to producing them.

Mr. Pouliot: Mr. Speaker, I rise on a question of privilege.

In the first place, I want to have the by-laws passed in virtue of chapter 172 of the Revised Statutes of Canada, 1927. I now make another motion in virtue of chapter 172 of the Revised Statutes of Canada, 1927, as amended, and it covers the objection mentioned by the minister. Now those gentlemen, the directors of the railway, represent the government of Canada and the country in the

management of the Canadian National Railways, and those regulations cannot be any more private than those which the minister has tabled and that I have received from the deputy minister after the motion is passed. Therefore I do not see why the Canadian National Railways or the board of directors should refuse to give us the by-laws that I am asking for. I hope the minister will reconsider his answer and that the by-laws asked for, which are those of the men representing the Canadian government and the Canadian people, will be given as requested.

Mr. Chevrier: Mr. Speaker, I am afraid there is nothing I can add to what I have said, but the house knows what the procedure is. My hon. friend is free to question any of the officers of the railway when they come before the committee on railways and shipping. He will have an opportunity perhaps later this week. The railway officers may then wish to submit to a ruling of the committee, and it will be up to the committee to decide whether these by-laws should be produced—but it has never been the practice of the house to compel the Canadian National Railways to produce matters which they think concern the internal management of the railway, and they have indicated to me that submission of these by-laws would offend against that practice. I have no other alternative but to bring it to the attention of the house.

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

Some hon. Members: No.

Mr. Pouliot: I will ask the minister, if he has no objection, to let the motion stand until I have an opportunity to ask questions of the representatives of the Canadian National Railways. It is a very reasonable suggestion.

Mr. Chevrier: I have no objection.

Mr. Speaker: Motion stands.

ARMY BENEVOLENT FUND ACT

INCREASE IN RATE OF INTEREST ON MINIMUM MONTHLY BALANCES

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

That it is expedient to introduce a measure to amend the Army Benevolent Fund Act, 1947, to increase the rate of interest from two and one-half per cent per annum to three and one-half per cent per annum on minimum monthly balances to the credit of the fund not in excess of five million dollars.

Proposed Legislation

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

Motion agreed to.

COLD STORAGE ACT

GRANT OF SUBSIDY—AUTHORIZATION FOR PAYMENT OF UNPAID INSTALMENTS

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

That it is expedient to introduce a measure to amend the Cold Storage Act to provide that the governor in council may, out of any money appropriated by parliament for the purpose, grant towards the construction and equipment of certain warehouses a subsidy not exceeding thirty-three and one-third per cent of the amount expended or approved of in such construction and equipment; and to provide further that the governor in council may, on the recommendation of the Minister of Agriculture, authorize the payment in full of all or any unpaid instalments of a subsidy that is or may become payable under a contract entered into prior to the coming into force of the amending act.

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

Motion agreed to.

LIVESTOCK

SUPPORT PRICE—QUESTION AS TO APPLICATION IN BRITISH COLUMBIA

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I have a question for the Minister of Agriculture, and in view of the fact he is not present today perhaps one of the other ministers would draw this question to his attention or to the attention of his parliamentary assistant. Why is no support price being applied in British Columbia to cattle originating and sold in that province, but only to cattle imported from another province?

Right Hon. L. S. St. Laurent (Prime Minister): I shall see to it that this question is brought to the attention of the departmental officials, and have either the assistant to the minister or someone else supply the answer.

RESALE PRICE MAINTENANCE

COST OF DRUGS—PRICE IN RELATION TO COST OF PRODUCTION

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): I should like to direct a question to the

Minister of Justice, and my notice to him supplies the background to the question. Can the minister inform the house if under the resale price maintenance legislation there is any machinery whereby the government can examine the cost of drugs to the public to determine if the price at which those drugs are retailing is in keeping with the cost of production and distribution?

Mr. Speaker: Is that not a question which should appear on the order paper?

Hon. Stuart S. Garson (Minister of Justice): I think it can be answered briefly, Mr. Speaker. I want to thank the hon. member for having given me notice of his question. Section 37A of the Combines Investigation Act, which is the resale price maintenance legislation referred to by my hon. friend from Cape Breton South, provides in effect that no supplier of goods may dictate the price at which the goods he sells shall be resold. Such legislation does not provide for any examination into the cost of production or distribution, for such is not its purpose.

If the hon. member will give me the facts of the situation he has in mind, we shall be glad to consider whether the high prices he alleges may be the result of any situation which would come under the Combines Investigation Act.

Mr. Gillis: Thank you, sir; I shall do that.

POTATOES

QUESTION AS TO REASON FOR HIGH PRICES

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Since the Minister of Agriculture is not in his seat, perhaps someone who is substituting for him could answer this question. Can the minister explain to the house why the price of potatoes has more than doubled over the past month? If the minister's substitute cannot answer now, perhaps the minister or his parliamentary assistant could answer later.

Right Hon. L. S. St. Laurent (Prime Minister): I do not know that anyone on behalf of the government can explain why there are not enough potatoes to go around, and why people are bidding prices up to levels that are higher than we usually pay. I shall ascertain whether the Department of Agriculture has any explanation, and if so I shall see that it is brought down to the house.

SUPPLY

The house resumed, from Tuesday, June 3, consideration of the motion of Mr. Fournier (Hull) for committee of supply, and the amendment thereto of Mr. Drew.

[Mr. Gillis.]

SUGGESTED COMMONWEALTH CONFERENCE—TRADE AND CONVERTIBILITY OF CURRENCIES

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, on June 3 the leader of the opposition moved a motion, and at the time the debate was adjourned I was making some remarks on it. It is now June 9, and as the motion was moved on June 3, for the benefit of those who may read *Hansard* today I think it would be in order if that motion were restated so that it would appear on today's record. As reported on page 2852 of *Hansard* for June 3, the motion reads as follows:

> This house is of the opinion that the government should consider the advisability of taking steps to convene at the earliest possible date a conference of the nations of the British commonwealth to seek means by which there may be convertibility of commonwealth currencies, and to explore all the possibilities for restoring and enlarging those traditional markets upon which our prosperity so largely depends.

At the time the debate was adjourned, I had made certain observations which I am not going to repeat. I have this to say to the leader of the opposition's motion, however, that it is one with which we do not disagree. In these days of force and dictatorship, we feel that any section of the public desirous of ironing out a difficulty around the conference table should have nothing put in its way to coming to an understanding on any problem; that is democracy at work. We have no objection to the motion on those grounds, but on the other hand I feel that the demand that the commonwealth countries alone should be consulted in a matter of international trade and the convertibility of currency is going into a field that is already established, and is narrowing down the possibility of reaching the solution to the international trade problem on a world-wide basis.

I believe we all recognize that after the last war international trade, as we understood it in the past, had been broken completely. There is no mechanism today whereby you can measure what international trade may be in the future. I believe that at the end of the war that was generally recognized, because all the allied nations involved in that war decided that international machinery would be necessary in order to iron out the world's problems. Everyone recognized that we were entering a new age, that we had reached the end of an era and that international trade, defence and related matters were matters that required the attention of an international body that would give each country the opportunity of getting around a conference table and deciding how these difficulties might be ironed out. It was then that the United Nations was formed.

All these social and economic problems were passed over to the United Nations. We have set up within the structure of the United Nations an organization known as the world food organization, for the purpose of ascertaining how the surpluses of the countries that have surpluses might be made available to the countries that were blasted out of production, and would therefore take a long time to return to a position whereby their resources might establish some reasonable standard of living for the people. In my opinion the proposal for a commonwealth conference on international trade and the convertibility of currency is, to a certain extent, entering the field that is already occupied by the United Nations. I should like the leader of the opposition, or any other member of his party who speaks later, to state what sort of machinery you are going to get at a conference between commonwealth nations that is not already available through the United Nations agency that is studying the problem.

It is suggested that we might have a commonwealth conference with Britain, Australia, New Zealand and Canada, nations that are already members of the world food organization, and who have the best brains available in their countries working in that organization to sell the idea of distribution of surpluses to the countries who have not the means with which to live.

In the second place, the problem is an economic one. Within the structure of the United Nations we have the economic organization, again with the experts from the various countries, advising as to ways and means of rehabilitating the economies of the backward countries. The problem of international trade and the distribution of goods is closely related to the economic problem. The convertibility of currencies, the stabilization of the currencies of the world, is another matter that the Bretton Woods conference ironed out. An international bank is established. The mechanics are there and in my opinion the United Nations is the organization to which we should be giving all the available information on the problems that are suggested for discussion by the motion of the leader of the opposition.

While I said that there is no harm in having a conference and an exchange of ideas, in the final analysis the solution, in my opinion, is not to be found within any bloc of nations. It is a world-wide problem. The world is so closely linked together that if we try to separate and to isolate any particular section of it, on the basis of economics or the distribution of food, then we are immediately getting into trouble.

I realize the fact that in the matter of defence it is necessary to set up regional pacts, as we have done. But again that regional pact is set up under the charter of the United Nations and is subject to examination from time to time by the United Nations. I do not like to see the suggestion, which is contained in the motion of the leader of the opposition, that we should isolate ourselves from the United Nations by the calling of a separate conference of the commonwealth nations to duplicate the responsibilities and authorities that we have centred in that world organization.

The second point that I should like to make is this. The leader of the opposition suggests a commonwealth conference. In his speech he presupposes that the centre of the problem is Great Britain herself. I agree with him that such is the case, but I do not think that any commonwealth conference, on the basis of international trade, is going to solve the problem of Britain. In my opinion, Britain's problem is one of population. Britain has 45 million to 50 million people centred in an area in which there are resources sufficient to maintain some kind of standard of living for perhaps 25 million or 30 million people. Again, I think that the question which Britain has to face up to and which the rest of the world must face up to is that of immigration.

I believe that the United Kingdom as such must consider the problem of relieving her economy by getting more of her people out to other parts of the commonwealth that are in a position to absorb them and where they can make some contribution. I think it is a backward way of doing things to keep Britain in the position in which she is, with the imports that she has to take in to feed her people and the exports that she has to send out in order to get the imports. She is in an impossible position with regard to arriving at any kind of solution to the problem of looking after her population, on the basis of the resources that she has at the present time.

My opinion is that Canada is in a position to absorb a large number of immigrants, properly selected and properly placed. To me it seems rather stupid for us on this continent to keep on producing and building up surpluses with the end in view of shipping those surpluses over to Britain, while at the same time the more we send over to Britain, the more she has to export in order to live. Instead of its being an economic problem that can be solved either by convertibility of her currency or by some international trade agreement, I think the crux of the problem is to be found in the population of Britain, based on the resources that she has at the present time.

Suggested Commonwealth Conference

It would have been different if the leader of the opposition had suggested that a conference of that kind should be called, for the purpose of determining Britain's future on the basis of population and available resources, with the end in view of zoning this country to tap the available resources all over this part of the North American continent in order to place immigrants there to develop new territories and new resources, and to create new wealth, to cut down the burden that Britain now has with regard to imports and exports on the basis of the population she has at the present time. That is quite a long story. It requires a great deal of analysis. I only mention it at this time because I think it is nearly time that we got around to considering that particular angle.

There is another thought that I should like to leave with members of the house before I sit down and it is this. With regard to many commodities in this country, we are neglecting our internal consuming market. I am not going to go into the long story of beef and high prices. I have read a great deal on that subject within the last few months; and in my opinion we have lost in this country a terrific market for beef because of high prices. It is said: Put a floor under it. That is fine. But where you have a floor under something, you must have a ceiling; and there has not been a ceiling.

I believe that we have priced the average Canadian out of the beef market over the past year. I think that the government—the Department of Agriculture particularly—should take a look at that particular market because it is one in which at the present time we are getting pretty badly stuck. We have United States embargoes, and we have made a tripartite agreement with Great Britain and New Zealand to accept some of our surplus beef; but at the same time we have lost in this country, over the past couple of years, a large market right in Canada because we have fairly well priced ourselves out of the market. That situation applies not only to beef. I asked a question this afternoon as to why the price of potatoes in this country has doubled during the past month. What is the reason for that? In my opinion there is shortsightedness on somebody's part. The Prime Minister (Mr. St. Laurent) said he did not know why there was a shortage of potatoes. That is the responsibility of the Department of Agriculture. Is there a shortage of potatoes, or is it a matter of some smart persons in the centre, who have large warehouses in this country, storing potatoes and creating an artificial shortage so that they can get whatever price they want to put them on the market for? Remember the lesson of J. S. McLean with regard to butter. Butter was stored in this country and prices were driven up until they were sure that they had the market in the position where they could get the highest prices; that situation was not because of a shortage but because a shortage was deliberately created.

Our own market is the one that we should be regulating and watching carefully. In my opinion, if we watch it as carefully as we should, we may not be so dependent on export markets as we appear to be at the present time. There are a great many things that we can do within Canada to protect ourselves, in developing and maintaining our own internal consuming market; and that depends to a large extent on how we allow our prices to fluctuate in this country. With regard to a commodity which is as necessary as are potatoes to the average person's table, it is the responsibility of the government to see that a reasonable supply is available. There is no reason that I know of why, within the past six months, there should be the terrific shortage of potatoes that there is supposed to be in Canada at the present time. It is no excuse to say that because a commodity is in short supply it should be that much more expensive. That is an illogical argument. It did not cost any more to produce those potatoes. They should not be any higher in price to the consuming public. It is merely a matter of someone who has control of the fixing of the price of the commodity taking the general public by the throat because of the fact there is a shortage. In my opinion there is now in the hands of the government machinery to stop that kind of thing through the resale price maintenance legislation under the Combines Investigation Act. I hope that that legislation is not just another statute that is put away to gather dust. I hope there is machinery behind that particular statute so that situations like the price of potatoes in the country today can be taken hold of and an investigation made and the general public not be hijacked as they appear to be at the present time.

Mr. Brooks: How about when they were 25 cents a barrel?

Mr. Gillis: Well, if the hon. member will tell me when they were 25 cents a barrel I will say something about it.

Mr. Brooks: I can tell you they were 25 cents a barrel, on a number of occasions.

Mr. Gillis: That is not information at all; it is just an assertion.

Mr. Brooks: Well, you should know that.

Mr. Gillis: I never paid 25 cents a barrel at any time I bought potatoes. I had to pay more than 25 cents a barrel.

Mr. Brooks: That is all the farmers got.

Mr. Gillis: I am not arguing the farmer's case at the present time; I am arguing the case of the consumer in Canada, and the question of markets and the relationship of the internal market to the export market.

Mr. Brooks: I am not in agreement with the high prices at the present time.

Mr. Gillis: We should start at home and put our own house in order. In any international relation I believe that the domestic economy should be the first yardstick. You cannot create chaos at home and expect to have an orderly market outside.

I made most of my remarks on this particular subject on June 3 when the amendment was moved by the leader of the opposition, and I am not going to extend them any further.

Mr. Victor Quelch (Acadia): I regret that I was not in the house when the amendment was moved. I was unavoidably absent because I was taking part in the deliberations of a select committee; therefore I did not hear the speeches by the Minister of Finance (Mr. Abbott) and the Minister of Trade and Commerce (Mr. Howe) and the greater part of the speech of the leader of the opposition. However, since that time I have read their speeches, and a number of other speeches that were made at that time. I was very disappointed that within those speeches I did not find any suggestion as to how the problems outlined in the amendment could be met.

However, before going on I should like to comment briefly on a few of the statements made by the previous speaker, with a number of which I agree. He referred to the fact that the United Nations Organization has a number of ancillary organizations that were attempting to deal with this problem. He referred to the food and agriculture organization. I agree with him that on that body there are some excellent men who have given a lot of study to the problem of getting surplus products to needy people in other countries. For instance, they introduced a proposal for a world food board. Then they also introduced a proposal to set up an international commodity clearing house, in my opinion both excellent proposals. But the member nations voted these proposals down, and in regard to the second of those, one of the main reasons it was turned down was that it violated the principles of the Bretton Woods agreement.

So far as the Bretton Woods agreement is concerned, as I will show later, there is no solution to this problem under that agreement. The hon. member also mentioned that we should expand consumption within Canada to help reduce some of our surpluses. With that I agree wholeheartedly. We have not developed the home market to anything like the extent to which it could be developed.

I also agree with him that we should help to solve the problems of over-congested countries such as Belgium and Britain by allowing greater immigration to this country. Having got these people over here, then of course it would be our responsibility to see that they do their share to help produce the wealth of the country and to see that the purchasing power of those people, along with the rest of Canada, is maintained at a level sufficiently high to buy the production of the country and the imports that are brought in, in exchange for our exports.

I am not going to quote the amendment because the hon. member has put it on the record; but the main problem dealt with in that amendment is the one of trying to get a market for our surplus production and providing ways and means by which that production can be paid for by the nations receiving it. I noted in the speeches made the other day repeated reference to the fact that Britain lacked dollars with which to buy the produce of the dollar areas. Well, the next conclusion arrived at is that the solution to that problem is to make sterling convertible into dollars. In that regard we have to remember that dollars do not originate within the sterling area; they originate within the dollar area, and the only way the sterling area can make sterling balances convertible into dollars would be by the dollar area providing those dollars to the sterling area by a number of methods; either by buying sufficient quantities of goods from the sterling area so that the sterling area would then be able to pay for the exports from this country, or by foreign investment within the sterling area. That would be especially worth while where the productivity of any country is low. Foreign investment would then be justified to the extent needed to increase that country's productivity, so that they would have more goods available with which to pay for imports.

In that regard let us not forget that if we indulge in that kind of program we will have to be prepared to accept imports resulting from that increased production; and it is doubtful whether we would be willing to do that, because we have not even today accepted all the exports that these nations are willing to send to this country. I am very doubtful whether, if we indulged in a

program of investment in those countries, we would be willing to accept their exports to the extent necessary to permit them to pay for our exports to them.

The other alternative of course is to make loans or gifts. I am not advocating either of those, because neither of those two things is a solution; they are merely a palliative. As I have pointed out, the solution to that problem of converting sterling into dollars must, to a very large extent, rest with the dollar area because dollars originate in dollar areas. For that reason I take direct issue with the Minister of Finance when he suggests that this is primarily a problem to be solved by the sterling area. The sterling area can never solve that problem unless the dollar area is prepared to make its dollars available to them in one way or another.

The Minister of Finance, with a certain amount of pride, referred to the fact that we have made the Canadian dollar convertible for the past few months, practically a year. But why is the Canadian dollar convertible into United States dollars today? It is convertible largely as a result of the action by the United States of America in making large-scale investments in this country, thereby providing us with dollars not only to balance our unfavourable balance of trade with the United States, but also to build up our reserves of gold and United States dollars. If the United States of America had not indulged in that large-scale program of foreign investment in this country we would not have the Canadian dollar convertible today, and we would not have the Canadian dollar at par with the United States dollar. It is largely the result of that fact that the Canadian dollar is being bolstered at the present time by the United States dollar.

In so far as the calling of a conference is concerned, I would support that idea, but I am afraid it would be just like former conferences; it would meet, and there would be very little result therefrom unless we are prepared to send men to that conference with power to tread new paths. If these men are going to be tied down to follow out policies as enunciated in the Bretton Woods agreement, they might just as well stay at home, because there is no solution under the Bretton Woods agreement.

It will be recalled that in 1945, when we were discussing the Bretton Woods agreement, I bitterly attacked it on the ground that it had a pro creditor bias. It gave credit nations the right to demand payment for their exports in their own currency without putting any responsibility upon them to accept imports in return, because the only way these nations accepting goods from us can pay for them is by selling us goods in return in order to obtain our currency. If we refuse to balance trade with these nations, then it is impossible for them to pay us with dollars. I indicated at that time that these exporting nations should be prepared to accept the currency of the importing nations, and I shall have something to say on that later on.

The leader of the opposition stressed the fact that if war developed tomorrow, in all probability we would, overnight, find ways and means of getting our production to the area of the war—to Europe, if the war happened to be there. I would agree with him one hundred per cent, because that has always been the history. We have had difficulty in peacetime, but just as soon as war has been declared, the canons of sound finance have been silenced by the cannons of war.

What happened in the last war? Within a very short time the dollar sign was abolished. That, in fact, was the expression used by President Roosevelt. A cabinet minister in England said that the humbug of finance was done away with. A system of lend-lease was introduced which merely meant that the countries of Europe were allowed to pay for their imports by their exports. That is, it was understood that at a later date they would be in a position to export goods to us in payment for goods they received from us. The dollar sign was abolished.

Unfortunately, however, just as soon as the last cannon had been fired, those canons of sound finance once again began to function in this country. They did not even wait until the end of the war. They started sniping a year before the war was over, because it was in 1944 the Bretton Woods agreement originated. If lend-lease had continued after the war, I am satisfied we would not be facing the difficulties we are facing today. I quite agree that lend-lease would have had to be modified in many ways, and I shall deal with some of the modifications I think should have been made to the lend-lease program in order to make it an effective instrument by which goods and services could be got to those countries needing them.

The present situation is a serious one. The sterling area is facing one of the worst crises in its history. In the last year its reserve of dollars and gold has gone down by over two-thirds. The leader of the opposition also referred to the fact that in the past multilateral trade and convertibility had worked fairly satisfactorily and apparently he felt that in view of the fact it had worked in the past there is no reason why it should not work in the future.

I think the reason is shown pretty clearly by a statement made by a former deputy minister, Mr. M. W. Mackenzie, on October 9, 1947. This statement, appearing in *Foreign Trade*, is important, because it deals with this very subject:

Our commodity exports to the United States have never been as great as our imports from that country, and even in prewar years the difference used to be of the order of one or two hundred millions. In the year 1929 it reached a prewar peak of $400 million. It was possible for this situation to develop because there was a lengthy period in which a well-working system of multilateral payments made it unnecessary for Canada, or for any other country, to be greatly concerned with its bilateral trade balances. The free convertibility of currencies provided us with a ready means of squaring our accounts with all countries, regardless of the size of the balance in any one direction. Now that the multilateral system of payments has suffered a serious breakdown for the second time, or perhaps one should say for the third time in the last generation, Canada and all other countries that are engaged heavily in international trade are facing a difficult stage in their affairs. The balance of trade between pairs of countries—that is, a bilateral balance—has become a matter of first importance and will remain so until the mechanism of the multilateral system has once more been placed in good order. That in itself is a tremendous and complex task, requiring measures of many different kinds. It is a job that will require time, even under the best of circumstances.

I think one should remember that since that time, when multilateral trade was working fairly well, and it was possible to have convertibility of currency, a great change has taken place in regard to the sterling area. Great Britain has lost a very large percentage of her foreign investments, investments which gave her access to American dollars. She also expanded her external debt very considerably, which means that a large amount of her exports today are unrequited.

I hold in my hand a document entitled "Survey '52; Where We Stand This Year". This purports to be an official account in popular form of the economic situation and prospects for 1952. It is published by the British government. In part, it says:

The present crisis is the worst yet. Between June, 1951, and March, 1952, nearly two-thirds of the gold and dollar reserves vanished.

Then it goes on to say:

In the meantime our own position had greatly worsened, too. On the one hand the import bill was leaping upwards: we were rebuilding our stocks, which had been heavily run down in 1950. On the other hand, exports were limited. They were limited in three ways: by the growing pressure of rearmament on the metal goods industries; by the shortage of steel which hampered the further growth in production; and by the falling overseas demand for consumer goods. So they rose scarcely at all. On top of that, there were the loss of Persian oil and the commencement of payments on the North American loans.

Suggested Commonwealth Conference

So it seems an odd time, really, to suggest that we should try to bring about the convertibility of sterling and American dollars.

Mr. Macdonnell (Greenwood): Where did the statement come from?

Mr. Quelch: It is an official account in popular form of the economic situation and prospects for 1952, and purports to have been prepared for Her Majesty's government by the information division of the treasury and the central office of information. I received it by mail, and thought perhaps all hon. members had received it.

I believe any time a person criticizes government policy or government proposals he should be prepared to make some constructive proposals in regard to ways and means by which that problem can be met. I have certain suggestions to make. Perhaps I should admit at once that these are not original; they were not my idea, but rather ideas I picked up. Perhaps I should mention where I got them, in the first place.

I was in England in 1938, and on that occasion met the late Lord Bennett and had with him a long and interesting discussion on the question of international trade, especially as it affected Canada. He suggested to me that I should meet the secretary of the London Chamber of Commerce, Mr. A. de V. Leigh, and introduced me to him. I had a most interesting talk with Mr. Leigh who, I consider, is a man at the top in his business. We know that the London Chamber of Commerce has perhaps had more experience on questions of international trade than any other body in the world. They are not just a bunch of pseudo-economists; they are men who have been engaged in business and in international trade for generations. Those men know what they are talking about.

When I came back to Canada I was particularly interested a couple of years later to receive from Mr. Leigh a copy of the report of the London Chamber of Commerce in which it deals with the general principles of a post-war economy. I should like to read one paragraph from that report:

The chamber, having considered whether there is any system which would achieve, wholly or partially, the solution of all the above problems, generally accepts the principles laid down in "A Twentieth Century Economic System," especially in respect of blocked credits for the payment of international obligations.

And then a footnote says that the publication "A Twentieth Century Economic System" is obtainable from the Economic Reform Club. It is interesting to note that "A Twentieth Century Economic System" is a little book

whose author does not give his name. I quote from the front page where it says:

> The author has decided to remain anonymous, in the hope that his fellow citizens will insist, on this occasion, on doing their own thinking, and will consider these proposals on their merits, uninfluenced by the names and reputations of the protagonists on either side.

I know the names of the men who were connected with that, but I do not feel free to mention those names in view of the fact that, apparently, they desire to remain anonymous. But they are men who have had a great deal of experience in regard to the question of international trade. I want to deal briefly with some of the proposals contained in the "twentieth century system". First of all it advocates that all exporting nations shall accept the currency of the importing nation. It points out that after all the main purpose of trade is the exchange of goods and services, and when you sell goods to another nation on that basis then all you require is a currency that will permit you to buy other goods and services from that country. If we export goods to Great Britain we do not need dollars in order to buy British goods. All we need is sterling with which we can buy goods or services from Great Britain.

Therefore it lays down a principle which is just the opposite of the principle enunciated under the Bretton Woods agreement. It lays down the principle that the exporting nation must accept the currency of the importing nation instead of having the right to demand payment in its own currency which forces the importing country into an unpayable debt unless the exporting nation is prepared to buy an equivalent amount of imports from that country. That is the first principle that it lays down. It also advocates that the rate of exchange should be mutually agreed upon, and it also states that a steady price level should be maintained with respect to export trade between those nations.

The method of doing business would be quite a simple one. It would provide for convertibility but convertibility by the exporting country. In other words, the dollar area would convert bills in sterling to dollars and the sterling area would convert bills in dollars into sterling. Let us take, for instance, a Canadian exporter who draws a bill in sterling on a British firm. The Canadian firm would merely take the bill drawn in sterling to the chartered banks, discount it and receive dollars. The chartered bank would turn it over to the foreign exchange control board. In view of the fact that we have no such body now he would turn it over to the Bank of Canada.

In England the importer upon presentation of the bill would pay in sterling to their commercial banks and that sterling would be turned over to the Bank of England. Then the Bank of Canada would have a balance of sterling within the Bank of England and vice versa. When a British exporter exported goods to Canada exactly the same procedure would be adopted. Therefore in return for our exports we would have a sterling balance in England and the British in return for their exports to Canada would have a dollar balance in the Bank of Canada. As long as we balanced our trade no further action would be required. The only thing we could use our sterling balance in Great Britain for would be to buy goods and services within that country. That would be in order to carry out legitimate trade. If we refused to buy, the balance would remain there and we would get nothing for it. There would be no question of debt. There would be no interest drawn upon it and it would not cause any embarrassment to the sterling area.

So far as our exporters are concerned, they would be happy because they would be receiving dollars, and so far as the British exporters are concerned they would be quite happy because they would be paid in their own currency. If for any reason we did not wish to bring in more imports we would of course have the alternative of investing our sterling balance in England in some enterprise to help expand the production of that country. The situation might be that Great Britain actually did not have sufficient exports to meet our requirements. Then we would be quite justified in using some of that sterling balance for the purpose of developing resources in the sterling area.

Before anybody attacks that idea let me remind them that that is exactly what the United States has done with regard to Canada. For years Canada has had a great deal of difficulty in balancing her trade with the United States. This year we had an unfavourable balance of trade with the United States of over $900 million, and with the world at large of $500 million. The only reason we were able to meet that unfavourable balance of trade was because the United States made large investments in this country which made it possible for us not only to meet our unfavourable balance of trade but also to develop our resources. That was the result of the United States investing money in this country. It might also be a healthy situation for us to make investments abroad so that the returns from those investments would help to offset the money that we have to pay

to the citizens of the United States on their investments in this country. One would help to balance the other.

The question of the United States policy of investing money in Canada is a debatable one. By that I mean it is debatable whether or not it is really beneficial to Canada. There is no doubt that much of their investment has been a great help to Canada. It has helped us to build up our oil industry. It has helped us to develop iron ore and various other things, but a great deal of their investment has been of another nature. A large amount of United States investment has been for the purchase of dominion and provincial bonds and securities, and that is not quite such a healthy picture. Therefore when Canadians are apt to be a little bit boastful about the Canadian dollar being above par it seems to me they should remember that the only reason it is above par today is because it is actually being bolstered by the United States. No one can say it is a very healthy situation when a country, in order to meet its unfavourable balance of trade that is a deficit on current account, has to turn over a certain amount of its capital in order to achieve that balance, and that is exactly what has happened in so far as Canada and the United States are concerned. It is rather interesting to note the viewpoint of a United States citizen on this subject. I have here an extract from the Calgary *Herald* of March 26, 1952. It is an article by John Harriman of the North American newspaper alliance. The heading of the article is, "Americans control quarter of Canada's manufacturing. Capital still flowing in." The article reads as follows:

> Is American business going to take over Canadian industry? If Canadians are not worried about this, they should be, for we have been pouring capital into their country at an unprecedented rate and buying both properties and securities right and left. There are now 2,500 United States firms in Canada. And these United States firms account for a total of 25 per cent of all Canadian manufactures. In the last two years about $2 billion in United States capital has flowed northward to finance the current Canadian boom, bringing our investment in that country today to an unprecedented $8 billion, which is about 70 per cent of all United States investment abroad. Last year Americans bought heavily of Canadian corporate securities—about $400 million. Back in the summer of 1950, United States investors bought $195 million of Canadian government bonds, which so bolstered the currency of that country that the Canadian dollar was unpegged from the rate of 90 cents to the United States dollar.

In the light of that I do not really think there is anything for Canadians to boast about. As I say, it has happened as a result of action originating in the United States. With respect to the sterling area, the countries in that area have a great deal of difficulty in balancing their payments with this country. Apparently we are prepared to export to the sterling area more than we are prepared to accept payment for in imports. It is a situation very similar to that which exists between the United States and Canada. The Minister of Finance says that it is for Great Britain to deal with it. I say that in exactly the same way that the United States has helped us in this situation we should be prepared to do likewise with regard to the sterling area. I think at this time a certain amount of investment in the sterling area, for the purpose of building up some of their backward industries and increasing their efficiency so as to make it possible for them to export more of the type of goods that we want, would be well worth while.

Once that has been accomplished we will have to be prepared to accept those imports to a far greater degree than we have in the past. If we are going to be prepared to accept imports in future from the sterling area, then I think we will have to be very careful to see that at all times we maintain the purchasing power of the people of Canada at a sufficiently high level to buy those goods. Nobody can convince me that there are not hundreds of thousands of people in Canada who would be only too pleased to receive much of the goods that we could bring in from Great Britain today. The reason they are not buying is not because they do not want them but because their income does not permit. Therefore, in trying to solve this international problem, there is also a national problem to be solved at the same time. The first step is to maintain the purchasing power of your own people at a level which makes it possible for them to purchase the goods brought in in exchange for our exports. The second point is to provide a means by which other nations can purchase our exports.

In closing I would say I am prepared to support this amendment because I believe a conference could accomplish a great deal in bringing about a greater amount of trade between this country and the sterling area—provided we sent to that conference men who are prepared and allowed to tread new paths.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I do not intend to trespass at any great length on the time of the house, but there are one or two things that might be said and that have not been dealt with in detail as yet.

I think it is particularly fitting that we should on this day be discussing this resolution; that we should on this occasion of the

queen's birthday be dealing with the advisability of taking steps to convene at the earliest possible date a conference of the nations of the British commonwealth to seek means by which there may be convertibility of commonwealth currency, and to explore the possibilities of restoring and enlarging those traditional markets upon which our prosperity so largely depends.

As I listened this afternoon to the united singing on the part of all members of this house of the anthem that is national to every part of this British commonwealth, I thought of the words of John Masefield, poet laureate, which I feel express the attitude of consecration of all of us to the concept of the crown:

> An order and a beauty from of old,
> Set by its virtue above greed and hate;
> A loneliness of living crowned with gold,
> In all life's storm, a standard of the state.

I think in those words are epitomized the attitude and concept of peoples everywhere within the British commonwealth.

I am sure the house listened with interest and attention to the address of the hon. member for Acadia (Mr. Quelch) who has just concluded, and in particular when he dealt with the situation whereby we in this country, as the years go by, are becoming more and more a magnetic attraction for investment by people from the United States, and less and less on the part of Britain. Britain had large investments in Canada prior to the first great war. I speak from recollection, but my memory is that they amounted to some $4 billion. Today, to all intents and purposes, they are largely dissipated because Britain found, as a result of the need for preservation of freedom, that all her resources should be liquidated and disposed of in the interests of our common survival.

Some two years ago—on February 28, 1950—I moved a resolution in this house, seconded by the hon. member for Dufferin-Simcoe (Mr. Rowe), in connection with this very matter. That resolution was:

> This house is of the opinion that the government should take immediate steps to convene at the earliest possible date a conference of the nations of the British commonwealth and countries of the empire to devise policies to restore our lost markets and thereby to provide jobs for our Canadian people.

Mr. McIlraith: There was no reference to convertibility in your motion then?

Mr. Diefenbaker: No, not at that time; that is obvious. The motion that was referred to through the course of the debate and the question of convertibility was not comprised within the purview of the resolution which I moved.

Mr. McIlraith: That is right.

[Mr. Diefenbaker.]

Mr. Diefenbaker: I am quite sure that my hon. friend, in making that interruption, does not want to leave the impression that, having voted against a British commonwealth conference in 1950, when the question of convertibility was not comprised within the resolution, he is today taking the attitude that if those words were omitted he might take a different attitude.

Mr. McIlraith: I was merely seeking information.

Mr. Diefenbaker: I am sure the hon. member had the information before he asked the question.

Now, Mr. Speaker, the hon. member for Cape Breton South (Mr. Gillis), with the clarity that always characterizes him and his thinking, left the impression that one of his reasons for being opposed to the convening of such a conference—

Mr. Gillis: No; I am voting for it. I said I saw no harm in it.

Mr. Diefenbaker: No, he was in general support but said that we should be giving our support to the United Nations and that the machinery already exists in the United Nations to do all that could be undertaken by a British commonwealth conference.

I would like to point out that, in connection with agriculture, the Canadian Federation of Agriculture, on March 6, dealt with that very point in its representations to the cabinet. They said as follows:

> We regret that after six years, F.A.O. has not succeeded in establishing a practical international commodity program. To take the position that Canada and other advanced countries should produce to capacity because people somewhere need the product is a fine humanitarian point of view, but it is a theoretical and impractical one unless an international commodity program exists to organize and supervise distribution.
>
> The world is waiting for leadership from governments in F.A.O. to establish a commodity program which would undertake the three-fold function of meeting emergency shortages and famine, of holding reserve stocks and of managing surpluses.
>
> We were pleased to see that our government representatives at the last F.A.O. conference supported the view that some kind of international food board would be necessary if the world were to embark realistically on a policy of unlimited production of food for the world's needy people. We urge the government to continue its support . . .

. . . in this direction.

The FAO has not succeeded, and we Canadians find ourselves in the position that the Conservative party said as far back as February, 1950, would result unless action was taken. At that time we warned of the danger first of accumulating surpluses of agricultural products, and secondly of the fact that we had no available machinery to provide for distribution and therefore to assure prosperity not only for agriculture but

for our people as a whole. We contended that markets were being lost. However, the attitude of the government at that time was that markets for agricultural products were being provided in the United States of America. Certainly the United States market is close at hand, contiguous, and easily available, but experience has shown that when surpluses pile up in agricultural products those surpluses are as common to the United States as they are to Canada. At such times that market is a most tenuous one and difficult to maintain.

We are now faced with the loss of our market for beef on another ground, and we hope the loss of that market will be temporary. It is to be hoped that the expressed belief that by September the United States market will be made available to Canadian beef will prove to be a fact. We have learned in the last two years that the British market is, after all, the best market for Canadian agricultural products. Statements to that effect were made when we spoke in 1950. It is the most certain market, and it does not depend upon the changing conditions of the United States. We have lost our markets in Britain. In his address the Minister of Trade and Commerce (Mr. Howe) indicated that the markets have not been lost, but that we are out of the market by reason of our own actions.

We were promised farm markets. Some years ago the Minister of Agriculture (Mr. Gardiner) pointed out that one of the reasons that the western provinces were required to sell wheat at less than world prices was the fact that by so doing markets were provided for other farm products. Only today a quotation to that effect came to hand from a speech delivered by the Minister of Agriculture when speaking at Tweed, Ontario, and as reported in the last issue of the *Letter-Review*. The minister is reported to have said:

> There has been criticism of our wheat agreement with Britain, but the fact remains that if there had been no wheat agreement, Canada would not have been selling any farm products to Britain. We just told them that unless they bought other farm products they would have to pay the market price of $3 a bushel for wheat.

That statement contains two admissions: First, that we were right when we said Canadian wheat under the British agreement was sold far below the world price; second, that the reason for that was the provision of markets in Britain for Canadian farm products.

What is the situation with regard to farm products? I have had a summary made of Canada's farm products, and their markets in Britain on the basis of volume, going back to 1938. I am not going into lengthy detail, but I believe that the statistics which I shall place before you, Mr. Speaker, reveal a condition of affairs that cannot be denied. They deal with quantities rather than dollar value. The figures show conclusively that Canada has lost her markets in Britain, as we in the Progressive Conservative party said in 1950 and prior thereto. I am going to run through various farm products, and show the lost markets, not for the purpose of getting any satisfaction out of placing these figures before parliament but to advance the argument that even now it is not too late to do something towards convening a British commonwealth conference to meet the situation which exists.

Barley: In 1938 we supplied 27·5 per cent —in every case I refer to quantity—and by 1951 we had lost this market to the U.S.S.R. which is now the largest supplier. Oats: In 1938, we supplied 93·9 per cent of the total British imports. In 1947 we still supplied 92·9 per cent, but today that market has been lost. Beans: In 1938, we supplied 254,500 cwt. or 24·3 per cent of British imports. Today, that market has been lost. Beef: In 1945, we supplied 43 per cent of the total British imports, and today after having lost that market a plan has been arrived at within the last two or three weeks covering an exchange between New Zealand, the United States and Great Britain.

Mr. Howe: Have you got the figure on beef for 1938?

Mr. Diefenbaker: At that time we did not have any market for beef.

Mr. Howe: That is right, we just filled in during the war.

Mr. Diefenbaker: Bacon: In 1938, we supplied 18·4 per cent of the British imports, and by 1945 it was 83 per cent. In 1949, we started to lose this market to Denmark, Poland and The Netherlands. In 1951 we supplied only 16,048 cwt. of the total British imports of 4,426,138 cwt. Our percentage of this market is considerably below the pre-war level of 1938. Hams: In 1938, we supplied 34 per cent of total British imports. This increased during the war until 1947, when we supplied 78·5 per cent of that market. The market has been lost. Cheese: We have long been a supplier of this market. In 1938 we supplied 23·2 per cent of the total imports. Finally, by 1945, that had increased to 31 per cent. Today we find ourselves in a position whereby our exports have been reduced to approximately half what they were. Poultry: We had built up during the war an export market for poultry in the

United Kingdom. By 1947 we were supplying 107,479 cwt. or 18·2 per cent of the total British imports. We have lost that market.

Eggs: During the war we built up a market for eggs until in 1945 we supplied 56 per cent of the British imports of shell eggs and 26 per cent of their dried egg imports. In 1948 that had increased to 79·8 per cent of their dried egg imports and 20·2 per cent of their imports of frozen eggs in addition to 29·1 per cent of their whole egg imports. These markets have been lost to Poland, China and the sterling countries. Condensed milk: In 1938 we supplied 56·6 per cent of that market, which has been lost to sterling countries and The Netherlands. Apples: In 1938, we supplied 42·5 per cent of the market. Finally, in 1951, we found ourselves in a position where we had only 13 per cent of the total imports. Canned tomatoes: We had developed a large market in the United Kingdom prior to the war, when we supplied 19 per cent of the market. We now find ourselves in the position where—well, immediately after the war we had 47·3 per cent of the market. We have lost that market. Canned salmon: In 1938, we enjoyed a considerable export outlet for this product, and by 1951 we had increased the amount but our market represented only 143,666 cwt. out of a total import of 378,650 cwt.

The maritimes have been concerned about pit props. In 1945 we supplied 55 per cent of the market, but by 1950 we had lost this market.

Mr. Howe: Would it not be better to fill in all the figures? You started to give 1938, 1945 and present.

Mr. Diefenbaker: When I do not give any figure, it means that there was none in 1938.

Mr. Howe: It is just as well to mention it.

Mr. Diefenbaker: I have already mentioned it. I am giving the figures accurately. They tell a story of a serious condition in loss of markets that cannot but challenge the attention of hon. members.

Mr. Howe: They would tell the story better if the hon. member would give all the figures.

Mr. Diefenbaker: The minister might some time do the same. I am giving all the figures.

Mr. Howe: When there is a zero, put that in too.

Mr. Diefenbaker: To deal with tobacco, the same situation prevails there.

Mr. Howe: Last year's export of tobacco was the biggest on record.

Mr. Diefenbaker: I am speaking about quantity.

[Mr. Diefenbaker.]

Mr. Howe: So am I.

Mr. Diefenbaker: Again we come back to the division between us. One deals with dollar value. But dollar value is not a proper measure of the comparative value of exports or imports, with the change in value or the change in purchasing power of the dollar which has taken place since 1939.

Mr. Howe: Give us the quantities.

Mr. Diefenbaker: In 1938 our export market in Britain was 16,093,611 pounds of tobacco; in 1950 the amount was 15,835,955, slightly below the pre-war level. Then the minister mentioned 1951. That is as far as I have information for in connection with that matter. On January 30 of this year the British government announced drastic cuts in British food, tobacco and other imports. My information is that those announcements of drastic cuts were in fact carried into effect.

What do these statistics point to, Mr. Speaker?

Mr. Howe: The hon. member left out wheat and flour.

Mr. Diefenbaker: Oh, yes. Our market, as far as wheat and flour are concerned, is something about which there is no question.

Mr. Howe: Those are important, are they not?

Mr. Diefenbaker: I am dealing with the ones in which there have been reductions.

Mr. Howe: Why not give us the ones in which there have been increases?

Mr. Diefenbaker: As to wheat, that has nothing whatever to do with British purchasing power in so far as the international agreement is concerned. There the arrangements are made under the international agreement. If the minister wants me to deal with the international wheat agreement, all I can say is that the farmer today in western Canada is getting 50 cents a bushel less than the world price by reason of the fact that the international agreement contains no escalator clause in order to protect the farmer against increasing costs of production.

Having said that, I now come back to suggestions as to some of the things that we might do. It is appropriate that we should be dealing with this matter today, for in every part of this British commonwealth a common loyalty is being expressed. The need of trade with Britain was well set out in a book entitled "On Being Canadian". On page 5 the following statement appears:

> We must not, however, think of our relations with Britain in terms of tradition and sentiment alone. They possess economic substance too. As recent events have taught us afresh,—

I think that book was written in 1947 or 1948.

—our trade with the United Kingdom is of vital importance to us. Indeed, such commerce is part of the geographical pattern of the North Atlantic area, as witness Newfoundland, which has been the extreme example of the close economic ties between British North America and Great Britain. It is therefore important to remember that we have historic and economic ties which also run on an east-west line. The St. Lawrence river and the Laurentian shield have profoundly affected our economy since the beginning and will continue to do so. The boundary between Canada and the United States is for the most part no arbitrary line but responds to certain economic realities which would have asserted themselves even if North America had been a political unit. Hence the development of our trade with Europe to which, indeed, we are geographically closer than is the United States.

Then also from the same book, "On Being Canadian", I think these are extremely pertinent thoughts at this date:

There are good reasons why the commonwealth is of importance to us in our national life; important both in our relations abroad and in our domestic affairs. For one thing, we have greater influence in the world as a member of the British family than would otherwise be ours. Membership gives us in a sense a double status. It provides one of the rare instances in which one can "eat one's cake and have it too". I feel sure from my own experience that the fact that Canada appears on the international scene, not only as an important country on her own account, but also as a member of a great world association, lends her enhanced prestige. In the international world, prestige means influence.

As far as domestic affairs are concerned, there is a persistent illusion in the minds of some people that the British connection has somehow a limiting effect on our national growth; that the term "dominion" is derogatory to our national dignity. "Dominion" is only a word, and it has all but disappeared. In any event, it is important to consider things rather than their labels. In Canada we have certain institutions and traditions and characteristics which give us, whatever language we speak, our meaning as a separate country. Without the British connection these things would steadily evaporate and we should have less and less significance as an individual state. How long would a Canadian republic maintain its individuality here in North America? The forms of our sovereignty might be retained, but we should be caught inexorably by the southward undertow and completely assimilated to American life.

The words of that great work which I have quoted must give to us a realization that there is something worth while to preserve; that with Britain in the position in which she finds herself, we should be doing something to uphold and to maintain her spirit for she stands today, as in the past, as the bulwark of freedom.

The first suggestion is the one embodied in the amendment moved by the leader of the opposition, namely, the need to convene a British commonwealth trade conference. Some say that it will have no results. There can be no harm in trying. Certainly our markets are disappearing. Certainly the problems of convertibility are great. But whether they are great or not, surely they are not overwhelming. Bringing together at this time such a conference, in mobilizing the hopes of peoples everywhere within this commonwealth, would have an effect which could not be obtained in any other way. Certainly there could not but be effective results from these representative statesmen of the commonwealth meeting together to discuss the problems of what can be done to maintain these markets, to extend our trade channels, to consider the question of convertibility and also the possibility of Canada's purchasing within the sterling bloc raw materials now secured elsewhere; it would be a conference similar to that which has been suggested on several occasions by the hon. member for Peel (Mr. Graydon).

Britain finds herself in a position of trading with communist countries in order to secure metal, grain and lumber in return for machinery, rubber and precision tools, or has during the past year; that trade is now being reduced. Certainly we will get no results by doing nothing. However certain that some are that such a conference would not succeed, nevertheless I believe that it would be a message of hope to every part of this commonwealth and would be as well the expression at least of a hope that the farmers, who today in our country face a situation that is dangerous to the national economy, would at least have every avenue for trade explored.

Secondly, I suggest to the Minister of Defence Production, who has a vast knowledge of the subject, that every ordinary person like myself realizes that Britain is in a position where she has not available Canadian funds to make purchases of Canadian products. Is it beyond the capacity of Canadian and British statesmen to arrive at an agreement under which the minister could divert to Britain $90 million to $100 million of Canadian defence needs that are today being purchased in the United States, thereby assuring that the moneys made available in consequence of that diversion would be utilized for the purchase of farm surpluses that are piling up today? Mr. Speaker, they are piling up. If you put pork in cans, it still becomes a surplus that piles up. We have purchased some 30 million pounds of surplus pork at a price of between $18 million and $19 million. We can put that in cans but it is still surplus and it has to be disposed of.

I believe that in a British commonwealth resources and development trade conference there is a hope that at least something will be done to untangle the snarls in traffic

which are causing fears for the future to be expressed, and with reason, by farmers and by other producers within our country.

Thirdly, and this is a personal suggestion, Britain finds herself in the position where her people are living on a food level far below anything that we in this country have ever undergone. Surpluses in our country are piling up. In the days prior to the last war surpluses in various parts of the world were disposed of by destruction. Coffee, cotton, sugar and hogs were destroyed in order to reduce the glut of production. Surpluses are being piled up in our own country; and by next fall the situation may well be much more serious than it is now.

Can we afford, sir, in a world in which statesmen contend, and as the Secretary of State for External Affairs (Mr. Pearson) has said on many occasions, that the raising of standards of living is one of the means to withstand the onrush of communism, to neglect to do our duty by giving assistance? We are making our contribution to the Colombo plan. Would it be beyond what is fair to consider a grant from the people of Canada of a food gift to Britain in order, first, to assist that country, and secondly, to remove the effect of an overhanging deluge of a surplus that will inevitably occur unless something is done?

I know that there are some who say that this cannot be done. That argument does not apply to a British commonwealth conference. If it is not successful we in Canada would have at least discharged our responsibility. The situation is serious in Britain. One cannot say that that is their domestic issue alone, because after all we in co-operation with the United States either stand or fall together for freedom should freedom ever be challenged. When one reads the newspaper headlines today one cannot but realize the situation that exists in Berlin is a dangerous one. I believe that the U.S.S.R. cannot continue forever to talk tough without action; yet one can but hope that that situation will not turn out dangerously to world peace. Britain needs something of an uplift that such a gift would give her.

Somebody may argue that it would prove costly. All I can say is that the beef deal that has been made as a result of the exchange of opinions between New Zealand, the United States, Britain and Canada may also prove costly. The pork packing plan to dispose of pork in cans may also prove costly. The fear of an overhanging surplus on prices will always prove costly, because, unless something is done to remove that surplus, the loss will finally rest upon the Canadian people. For that reason I ask for consideration by the Canadian government even yet of a free vote in this house on the question as to whether or not there should be a British commonwealth trade conference. Certainly in 1950, when the resolution was moved in this house, my party was not astray in the expression of our point of view. The hon. member for Dufferin-Simcoe (Mr. Rowe) seconded the resolution and spoke on it. He pointed out the dangers of a loss of the markets for agricultural products. What was said then has unfortunately proved too true. It is not for us to speculate on what would have happened had that resolution been accepted two years ago. But one thing we do know, namely that things would not be as bad as they are today in so far as the prospects of Canadian agriculture are concerned.

Somebody will say that the amendment amounts to a vote of non-confidence. I think of cases having the same effect that have come before this house, yet the government has released its membership from so considering it. I think of the milk subsidy discussion. There was an occasion when parliament was free to vote.

The situation is anything but hopeful, Mr. Speaker, in so far as agriculture is concerned. It is not hopeless. There is a step that we can take, and that is by calling together a commonwealth conference. When there are problems that are difficult of solution in the international sphere, our ministers go all over the world. They are the most ambulant and circumambulant ministry we have ever had. When international affairs are at stake they believe in conferences; they believe in putting their feet under the table with other nations. Cannot we afford to adopt a similar attitude among our own kith and kin within the British commonwealth and endeavour, in co-operation with the United States, to arrive at something which will remove the overhanging fear that today haunts the farmers of this country—the fear that in the failure to act we sacrifice the possibility of preserving our agriculture industry intact, in the light of our responsibilities and the opportunities we have to act now?

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, it seems to me that before I deal in a detailed way with the motion before the house and the amendment of the leader of the opposition (Mr. Drew), perhaps I should spend a moment or two of my time in dealing with the speech of the hon. member for Lake Centre (Mr. Diefenbaker) who has immediately preceded me in the debate.

I would refer first to his statement that the amendment is not a want of confidence motion. I do not know just how he arrives at that conclusion because, as I understand it, a want of confidence vote is a vote upon any material and major matter of government policy. As I heard the speeches of members of the official opposition, last Tuesday and again today, I understood them to address most of their remarks to international trade. My understanding of international trade is that its significance, as expressed in terms of fractions, is that it involves about one quarter to one third of all our national income. It is a tremendous factor affecting this country. Perhaps it is more important to us than to any other country in the world.

For the hon. member for Lake Centre to assert in the House of Commons that a vote on a motion dealing with international trade is not a want of confidence motion, just is not tenable. I cannot see how the amendment can be considered as other than a vote of want of confidence in the government.

Then, there are one or two other observations he made which, it seems to me, require attention. He said he was going to set out in detail the markets we have lost. That, of course, is his privilege. Then he used some figures in support of his contention. First of all, he picked out only certain products, certain items. I am not criticizing him for that because, obviously, it would be impossible to go over all of them. But I do think it is desirable that we understand that that was done.

It will be seen at once that in picking out particular items of our export trade with the United Kingdom he was dealing with items they are not importing, presumably because of their dollar shortage. Then necessarily he becomes involved in going a step further and deciding that we would choose which products are to be exported to the United Kingdom, and that they would have no more say about it.

For instance, he suggests they would no longer have the right to choose the cheaper product, or the product which would go farther in feeding a larger number of people. I am sure the hon. member did not wish to assert that proposition. Yet that is the only conclusion to be drawn from his remarks, if one is to be logical in analysing them.

Then he used the general expression, "They tell a story." Of course they tell a story. I presume that is what the hon. member was trying to do; and I would have thought that in telling the story he would have explained that in 1945, one of the years he mentioned, there was a war on, and the traditional suppliers of many of the products with which he dealt had been overrun by the enemy, with the result that those products could not go to the United Kingdom from that area. I refer specifically to countries such as Denmark and Holland. I should have thought that some other figures could have been chosen to illustrate his point.

They tell another story. He could have placed before the house the trade statistics for the years 1938, 1951 and 1952 showing exports to the United Kingdom. Those figures would have shown that, in the field of agricultural and vegetable products, in 1938 we exported to that country those goods to a value of $3,737,000, while in 1951 the figure had risen to $13,279,000 and in 1952 to $22,857,000.

All the observations by members of the official opposition about changes in dollar value cannot explain away an increase, six or seven times over, in the amount of agricultural and vegetable products going from Canada to the United Kingdom in 1952 as compared with 1938. And of course in using those figures I must be quick to point out that the United Kingdom buys more grains now, and less of certain animal products. Their reason for doing this is perfectly simple and obvious. Those grains will feed more people for less money. It is a matter of common knowledge in the world of trade, and in the general field of health and nutrition, that it is cheaper to feed people with grain products than with animals and animal products.

Returning now to the matter before the house, I would point out that the amendment of the leader of the opposition is in language that indicates that he wants this government to convene at the earliest possible date a conference of British commonwealth nations to seek means by which there may be convertibility, and then to go on to explore the possibilities for increasing trade and enlarging traditional markets.

It will be seen at a glance that the essential part of the amendment is that the Canadian government is to convene the meeting, that it is further tied down by the fact that it must be done at the earliest possible time, and that the most important matter to be discussed is that of convertibility.

Notwithstanding the fact that these are the points set out in the amendment offered by the official opposition, practically all their discussion has been about trade matters. I should point out that hon. members in other opposition groups did not make that mistake,

because they did deal with convertibility, and with the question of the propriety of Canada's calling the conference.

But the three essentials in the amendment were not discussed by members of the official opposition. Those matters that did receive their attention were trade matters, particularly trade with the United Kingdom—but, in general, trade. I can conclude only that when these trade matters should have been discussed, namely, when the estimates of the Department of Trade and Commerce were before the committee, they were absent, taking part in by-elections. In view of the results of those by-elections, perhaps one cannot be too critical of the official opposition for their absence on that occasion.

Mr. Rowe: You had a few absent then, too. Quite a few in your front row were absent at that time.

Mr. McIlraith: No, they were here attending to business. The estimates went through quickly. At any rate, we are now having that discussion. That is what the situation is.

In the light of the fact that the official opposition has been discussing trade generally, perhaps it would be well to place on *Hansard* some general comparative trade figures. Let us take the years 1938, 1950 and 1951, and deal first with export figures. They are as follows:

Exports to All Countries

Year	Amount
1938	$ 849,000,000
1950	3,157,000,000
1951	3,963,000,000

Exports to the United States

1938	$ 279,000,000
1950	2,051,000,000
1951	2,335,000,000

Exports to the United Kingdom

1938	$ 341,000,000
1950	473,000,000
1951	636,000,000

Exports to Other Sterling Countries

1938	$ 104,000,000
1950	201,000,000
1951	264,000,000

Exports to Other Countries

1938	$ 125,000,000
1950	433,000,000
1951	730,000,000

Taking imports for the same three years the figures are as follows:

Imports From All Countries

Year	Amount
1938	$ 678,000,000
1950	3,174,000,000
1951	4,085,000,000

Imports From the United States

Year	Amount
1938	$ 425,000,000
1950	2,131,000,000
1951	2,813,000,000

Imports From the United Kingdom

1938	$ 119,000,000
1950	404,000,000
1951	421,000,000

Imports From Other Sterling Countries

1938	$ 67,000,000
1950	243,000,000
1951	309,000,000

Imports From Other Countries

1938	$ 67,000,000
1950	397,000,000
1951	542,000,000

It will be seen at a glance that taking the over-all figures our over-all trade has increased tremendously and is in excellent condition. It will be seen that the total amount of trade last year for the first time exceeded $8 billion. It will be seen that imports from the United Kingdom have jumped sharply even after allowing for changes in the value of the dollar. In the light of these figures perhaps I might complete the picture by giving the figures for the first four months of 1951 and the first four months of 1952. Dealing first with exports, the figures for those two periods are as follows:

Exports to all Countries

1951	
First four months	$1,120,000,000
1952	
First four months	1,351,000,000

Exports to the United States

1951	
First four months	$ 725,000,000
1952	
First four months	736,000,000

Exports to the United Kingdom

1951	
First four months	$ 155,000,000
1952	
First four months	227,000,000

Hon. members will see how we are losing the markets. The table continues:

Exports to Other Sterling Countries

1951	
First four months	$ 77,000,000
1952	
First four months	109,000,000

Exports to Other Countries

1951	
First four months	$ 163,000,000
1952	
First four months	279,000,000

Dealing with the question of imports into this country for the first four months of 1951

and the first four months of 1952 the comparative table indicates the following:

Imports From All Countries

1951	
First four months	$1,337,000,000
1952	
First four months	1,241,000,000

Imports From the United States

1951	
First four months	$ 956,000,000
1952	
First four months	942,000,000

Imports From the United Kingdom

1951	
First four months	$ 141,000,000
1952	
First four months	97,000,000

Imports From Other Sterling Countries

1951	
First four months	$ 85,000,000
1952	
First four months	55,000,000

Imports From Other Countries

1951	
First four months	$ 154,000,000
1952	
First four months	148,000,000

Perhaps it would be useful if I were to give the statistics for agricultural and vegetable products exports for the years 1938, 1950 and 1951. They are as follows:

Agricultural and Vegetable Products

Year	Amount
1938	$191,000,000
1950	637,000,000
1951	894,000,000

The figures for exports of animals and animal products are as follows:

Animals and Animal Products

Year	Amount
1938	$118,000,000
1950	366,000,000
1951	348,000,000

From these latter figures hon. members will see the answer to the argument that the farmers generally are losing their export markets. It is quite true there are difficulties in particular products. I am the first one to admit that, but I do not think the picture should be distorted or put out of focus. I think it should be examined on the facts, and they are all on record. You will see, for instance, from the figures I have just given that we have increased our imports from the United Kingdom in the year 1951 over 1950 but that they dropped off in the first four months of this year. Incidentally, the hon. member for Lake Centre (Mr. Diefenbaker) made reference to buying machine tools from the United Kingdom. Apparently he did not hear what was said in this debate the other day. We are all anxious that any Canadian business on that account should go to the United Kingdom, but I think the government is very much in the clear on that score.

The facts are that at the start of the accelerated defence preparedness program an attempt was made to buy machine tools from the United Kingdom. Since that time the Canadian government has been responsible for placing some $80 million of such orders, and the attempt was made to place them all in the United Kingdom. However, orders only to the extent of some $6 million were placed in that country. The facts are quite simple as to that situation. Their equipment is highly competitive and is good. Their prices are highly competitive. I think they are probably cheaper than elsewhere. The difficulty is simply that the United Kingdom was not able to supply that equipment, and it is no fault of theirs that they were not able to do so. They must assume responsibility for the management of their own affairs internally, and they had losses arising out of the war and restoration work in their own country because of war damage. They must now allocate some of their own productive effort, in a quantity to be determined by themselves, to defence preparedness in common with the other freedom loving countries of the world. For that reason they simply were not able to supply the goods. That is something entirely outside their own control. It is no fault of theirs; but why can we not debate this matter in the house in recognition of the facts?

It is asserted in the arguments that have been made by the official opposition that we are not paying enough attention to trade and to exports. The facts are that so far this year our exports to the sterling area are up some 40 per cent over what they were last year. Exports to Europe and Latin America are up some 70 per cent. Then it was said, obliquely in many cases, but repeated several times by the official opposition, that we were becoming more dependent on the United States. Indeed, the member for Vancouver-Quadra (Mr. Green) seemed to resent the fact that we were exporting so much to the United States. Well, let us take a look at that.

In 1951 the United States absorbed 59 per cent of all our exports. During the first four months of 1952 they only took 55 per cent of all our exports. That would rather tend to show just the converse of his argument. We are not becoming more dependent but less dependent in that regard.

Mr. Green: What about our imports from the United States?

Mr. McIlraith: I have not worked out the percentages, but the same story is true.

Mr. Green: No, it is just the opposite on imports.

Mr. McIlraith: I thought I could give it to you now, but I am afraid I have not got it broken down in that way. The figure is down in any event. We are less dependent either way.

There was another point, and I will make reference to it. It seems to me, in dealing with the question, if we are going to use percentages at all we should use percentages for the country about which we are talking. United Kingdom trade has been very much discussed today and on the last day of the debate, and very properly so. The facts are quite simple. You will find that United Kingdom imports from Canada in 1938 amounted to 9 per cent of their total imports. In 1950 and 1951 we supplied 7 per cent of all their imports. A great point has been made of our exports to the United Kingdom notwithstanding this very important or very serious United Kingdom dollar crisis.

In 1938 we in Canada bought 5 per cent of the total exports of the United Kingdom. In 1951 we bought 5 per cent of the United Kingdom's total exports. When you look at those figures you will see that, notwithstanding the dollar crisis in the United Kingdom, there has not been anything like the damage done to our markets that is suggested by the hon. members of the opposition. In making that statement I do not for a moment tend to minimize the importance of the fact that the sterling area has not convertibility. I do not wish my remarks misunderstood in that connection, and I am not in any way minimizing the importance of that fact to Canada. As a matter of fact I think it is apparent that all hon. members in this house are as one and in agreement on the fact that the dollar shortage in the sterling area is a very serious crisis, serious in its implications to us. I would go further and say I think all hon. members are agreed that it is desirable that if anything can be done to have that situation corrected, it should be done. I think that is common ground. Indeed, I think all hon. members are also agreed that in this country we should do all in our power to increase trade, but it seems to me that the whole debate got away from the main subject of the amendment.

Returning to the speech by the hon. member for Vancouver-Quadra, I must say that not only did I listen to the speeches of the hon. members of the opposition but I have read them over since with some care. I did them that courtesy; whether it was beneficial or not I do not know.

Mr. Graydon: Your choice of reading has improved.

Mr. McIlraith: I must say it was not too good reading. Too many times they bore back to "blasting" our way back into the United Kingdom market. They got dangerously close to that idea; and I remember that, too, in the thirties. As I say, there are one or two sections of those speeches which are not good reading, but I suppose that is true of any speeches.

An hon. Member: We will read yours tomorrow.

Mr. McIlraith: When you read the speeches by the official opposition you will find that inference. Twice in those speeches you will find the reference that we should hold the conference—that it will be a Canadian conference is an essential element of the amendment—but we are to hold it out of this country. We are going to tell the other countries that we will hold it in their countries. That may not be realized.

Referring to the thought I expressed a few moments ago about the speech of the hon. member for Vancouver-Quadra, he got dangerously close to a doctrine on exports which would destroy our trade. In talking about the United States he apparently argued that we should not be so dependent on that country, but he failed to explain the dangers of following a policy of not exporting to that country. For the life of me I cannot understand why this country, in dealing with a friendly neighbour, should not sell products to it if it has the capacity to use them and the money with which to pay for them.

Some hon. Members: Hear, hear.

Mr. McIlraith: I just cannot understand any quarrel with a proposition like that.

Mr. Green: I do not know how you got that out of my speech.

Mr. McIlraith: I got it from re-reading the speech. I interrupted you when you spoke—

Mr. Green: You do not understand English very well.

Mr. McIlraith: I must say I read it carefully and I listened to the speech quite attentively. I interjected only once when there was a question of the interpretation of a percentage figure. If the hon. member wants to discuss his speech there are some more things we can discuss. He did talk a good deal about two British Columbia products, and very properly so. I am not quarrelling with him for that. After all, he comes from that fine province and, of course, there is a provincial election there.

Mr. Green: It did not have a thing to do with the election, and there is a serious situation there.

Mr. McIlraith: I have no quarrel whatever with the hon. member for discussing these subjects. It seems to me they were quite proper ones to discuss. I could not understand his remarks in connection with one tremendously important item so far as Canada is concerned, and that was the British Columbia lumber industry. Listening to the speech of the hon. member for Vancouver-Quadra (Mr. Green) and re-reading it, I must say that I interpreted his remarks as meaning that the lumber industry was in for a very bad time.

Mr. Green: On a question of privilege, Mr. Speaker, I pointed out that the lumber industry was extremely concerned about the loss of the British market. Since I spoke there have been further statements to that effect in the Vancouver press.

Mr. McIlraith: I have the copy of *Hansard* containing the hon. member's remarks. I do not know whether I can quickly enough, as I speak, pick out paragraphs from that speech, but all hon. members can read his remarks about the lumber industry and put their own interpretation on them. They are all in *Hansard*. Regardless of whether or not I misinterpreted the hon. member's remarks, the matter of how they should be assessed is something that can be determined by any hon. member reading the speech. In any event, after talking about lumber a great deal, he did say this as recorded on page 2864 of *Hansard* for June 3, 1952:

> The fact I am trying to emphasize, Mr. Speaker, and which I think must always be kept in mind, is that Canada is becoming more dependent on the United States for export trade.

I believe that phrase cannot be denied, and I certainly got the impression he thought the lumber trade was very much concerned about its future. The hon. member took a black view of that future.

Mr. Green: It is, too.

Mr. McIlraith: Then we are agreed sufficiently to go on. Here are the facts about the lumber trade of British Columbia as I have them at the moment. All the British Columbia mills will be busy on their present United Kingdom contracts to the end of June, most through July and August, and quite a few will have to go flat out to complete them by mid-September. Consumption in Canada is holding up very close to 1951, and export to the United States shows prospect of increasing.

The situation with regard to British Columbia sales to the United Kingdom is as follows. For a good many years the United Kingdom has been buying lumber through a state purchase scheme. This is the first year they have stopped that practice. They are now buying through individual purchasers or private dealers in a way they have not done for more than the last decade. This means that bulk contracts have not been arranged, and will not be arranged, which in turn means that negotiations are going on for these contracts. Our negotiations with the United Kingdom for this trade, with the exception of the war years, have been negotiations of free businessmen bargaining back and forth. There is a good deal of bargaining back and forth, because the United Kingdom is under the handicap of not having surplus dollars to spend freely. To assume, in view of that situation, that the mills, some of which will be working to capacity until October on United Kingdom orders, are facing a black future is not the strongest possible argument. In the light of increasing export to the United States and increasing consumption in Canada; in view of the fact that the United Kingdom-Canada transactions are still in the process of negotiations, to say that the future is dark is not the best possible type of argument.

Mr. Green: Events will prove who is right.

Mr. McIlraith: Yes, events will prove who is right, but to say now that anything has been proven is not in accordance with the facts. The hon. member spoke a great deal about lumber, and rightly so bearing in mind his interest in the province of British Columbia. There is another type of negotiation going on that is not always the best type for closing contracts for the sale of your products. Labour negotiations are being conducted between the men and the mills. I for one believe that the best way to conduct labour negotiations is through the free play of bargaining between the men's representatives and the negotiators for the mills. I do not know of any other way as good as that. What help is being given to that situation by the type of debate we had last Tuesday on British Columbia lumber? I hope these negotiations will work out satisfactorily and beneficially to the country, to the trade and to the men. There is the situation as it exists in the lumber industry at the moment.

I am quite sure the hon. member is opposed to state buying, but his remarks are capable of the construction that state buying would give certain contracts at an earlier date for the whole production for the year. I am quite certain he does not wish that interpretation to be taken from his remarks, but I would point out that his remarks can be so construed. I am quite sure that the hon. member's party is opposed to state buying.

Suggested Commonwealth Conference

Another interesting point was the failure of the speakers of the official opposition, when dealing with exports of meat and meat products, to take into account the fact that we had an outbreak of foot-and-mouth disease in this country some few months ago. I am sure all hon. members hope it will soon be cleared up, but the effect was to temporarily shut off our markets for animal products. Notwithstanding the fact that they are shut off, and notwithstanding all the statements made by members of the official opposition about the disastrous state of that trade, the fact is that only a few days ago there was an auction sale of cattle in Oakville. If hon. members read their newspapers carefully they would have seen that United States buyers paid what, under the circumstances, was a very good price for cattle. The point to be drawn from that is the confidence of these prospective importers of our Canadian cattle in the fact that the market will be opened again soon. How can we, from a news item like that, draw the conclusion that our markets have been ruined? Indeed, all these opposition speakers spoke about the barter deal for some of our surplus meat. I do not think that is the precise term; but in any event the deal will take surplus meat off our hands for use in the United Kingdom, while New Zealand meat will be put into the United States. They spoke favourably of that deal. Let me point out to the official opposition that that deal involves the taxpayers of Canada in paying cash money; in other words, it becomes in effect a subsidized export. We have heard a good deal recently from the opposition about higher taxes in this country. Of those hon. members of the official opposition who recommended that type of deal and its application to other products I would ask this question: Do they want the government to subsidize the export of those other products, or do they believe in the free play of the market and an effort to achieve a proper price for our exports without subsidization at the expense of the taxpayers?

As a matter of fact, when the hon. member for Lanark (Mr. Blair) was speaking about cheese—and he entered into a rather thoroughgoing discussion of that product—he spoke a great deal about barter, and wanted a barter deal on cheese worked out with the United Kingdom. We were to take some of their products, presumably products that they could export to us; that would shut out machine tools. He comes close to home there. Only a few months ago he made a thoroughgoing speech on the subject of textiles, and the import of textiles into Canada. The United Kingdom is a large exporter of textiles. Did he mean, first of all, that we would subsidize the export of cheese to the United Kingdom in that barter deal? In the second place, did he mean that the product we would take in return would be textiles? He certainly did not mean anything of the sort, as will be realized by anyone who knows the fine constituency he represents.

I point those two things out in order to show just what nonsense is being talked on occasion in this chamber on the subject of barter. There seemed to be an inference all through the remarks that have been made that we were not doing all we could with respect to increasing our trade. In answering that argument let me just point out one thing. These so-called barter deals, which seem to be so attractive to the opposition, are usually resorted to only by countries which are in an extremely adverse financial exchange position; indeed many people would say they are almost bankrupt. Not only that—I could elaborate on barter deals but I will not do so—certainly their net effect is to restrict trade, not to expand it.

The position of this government has been constantly to seek to expand trade by every possible means. That position has been stated by the ministers of the crown on every proper occasion, and it has been repeated continuously over the years. Indeed, when the Minister of Trade and Commerce (Mr. Howe) chose to make reference to his own remarks in London a couple of years ago on that particular subject, the financial critic of the opposition, the hon. member for Greenwood (Mr. Macdonnell), sought to belittle the Mansion House speech and to dismiss it. But on this question of the expansion of trade, let me remind the house of just one or two facts.

At the present time Canada is maintaining some 102 trade commissioners in various parts of the world. Those trade commissioners are operating in some 49 cities in the world and in something over 40 countries. Let me remind the house that last year Canada sold wheat to 37 countries and that it sold flour to 69 countries. It is no wonder that today, when one hon. member devoted his speech to a limited selection of farm products, he refused to discuss the question of wheat and wheat flour. Let me also remind the house of one fact with respect to the lumber that is exported from this country. The vast percentage of the lumber exports of course go to the United States and the United Kingdom; the remainder is exported to some 70 countries. Is that the record of a government that is not doing anything to further international trade? It certainly is not. Those figures are the record of a government which has always believed in international trade

and which has done everything in its power, regularly and consistently, to support international trade.

But there is another aspect of the matter. This discussion has ranged off onto the question of trade. I admit that I like a discussion on the question of trade. I think it is an important subject. I believe that the future of the country is unalterably linked up with successful trade. If there is any country in the world that over the years has a record of successful trade, that country is Canada. My hope is that we shall be able to continue that record as the years go on.

This motion deals with convertibility. That is the subject matter to which the motion addresses itself, and the matter of trade was incidental to it. As I understand convertibility of currencies, that is something that is inextricably linked up with such matters as the internal fiscal policy of the country concerned, the investment policy of the country concerned, and the attitude with respect to foreign investment in that country. Those three matters were not dealt with to any extent by the official opposition. They were dealt with at some length by the hon. member for Acadia (Mr. Quelch) today and members of the other groups touched on them, but the official opposition seemed to fail altogether to appreciate those matters. Do I understand the leader of the opposition (Mr. Drew) and all his supporters to want us to convene, at the earliest possible moment, a conference of the commonwealth to deal with convertibility? That is what the motion says. And do they want us to seek to tell Britain how they should handle their internal fiscal policy? Surely that is not the way they want co-operation among the countries of the commonwealth. Surely it is not the way to the successful resolution of a problem of this kind!

Mr. Smith (Moose Mountain): They never thought of it.

Mr. McIlraith: Does the leader of the opposition want this country to convene a conference—I presume he wants it here and not, as the hon. member for Dufferin-Simcoe (Mr. Rowe) wants it, in some other country—to deal with foreign investment in the United Kingdom? Canadian currency is convertible; it is sterling that is not convertible. When you are discussing convertibility of sterling, you are discussing the attitude of the United Kingdom and of the other countries in the sterling area with respect to foreign investment within their countries. Surely the leader of the opposition does not imply that we in Canada should call a conference here, at the earliest possible moment, and bring the United Kingdom here and tell them what their attitude should be with respect to foreign investment in the United Kingdom. If that is the implication I must make it clear that it is not my idea of how to co-operate with the United Kingdom in this difficult period with respect to this matter of convertibility of sterling.

Incidentally, Mr. Speaker, you will note one feature of the resolution. Somebody in the opposition took me to task a moment ago for saying that in it I detected a strange similarity to the 1930-32 attitude in this same chamber. Perhaps hon. members of the opposition have forgotten that I remember some of that period and that I watched it at as close range as did some others. But there is a strange similarity, as you will note, Mr. Speaker, involved in this resolution. In those years, of course, they were going to blast their way into the markets of the world; were going to sell wheat regardless of price, and a few other things. I am quite sure the official opposition do not want a return to those years.

Mr. Fulford: They want to forget them.

Mr. McIlraith: For the reasons I have outlined, I do not think anything would be contributed to a solution of this problem by Canada convening such a conference. The first implication in the amendment is that Canada convene the conference. Well, that is the wrong way to go about it. Obviously, since it is sterling currency that is to be convertible, Canada is not the one to convene the conference. It seems to me that is quite obvious.

Second, the amendment speaks about the earliest possible moment. Do the opposition suggest that the time of freeing sterling from the various exchange restrictions is of no consequence? Surely that is a matter about which the United Kingdom should have the most to say. It is not a matter for us to raise and shove on them. Then what about the investment policy? The same remarks apply to that.

It will be seen by a first and second reading of the speech of the leader of the opposition (Mr. Drew) and the speeches of the members of the opposition that they have not dealt with the main part of the amendment, and the main part of the amendment is quite improper and wrong. Canada is not the one country to convene a commonwealth conference for the convertibility of sterling currency. The timing is a matter not for Canada or the Canadian government to determine. The timing of achieving convertibility of sterling currency is something to be determined primarily by the countries concerned in that area.

Mr. Pouliot: Well said.

Suggested Commonwealth Conference

Mr. McIlraith: The other part of the resolution tacks on a bit about trade, so technically discussion of trade is in order; but it will be seen that it is not the main part of the amendment. Of course the government here is for doing anything and everything to achieve increases in trade with the United Kingdom or trade in general, but the fact is that in addition to the many trade conferences—and it has been my fortune to attend some of them and to deal with this subject a bit—we have maintained with the United Kingdom for the last few years a permanent committee on the departmental level of Canadian officers who are dealing continuously with the internal aspects of this problem, and the aspects affecting particular products of one or the other. That body has a formal conference as a part of its regular dealings twice a year, so it will be seen that the amendment in so far as it deals with trade in particular products is not beneficial or helpful. For these reasons, Mr. Speaker, I think it is most important to the welfare of this country and for the furtherance of these very objectives, both of convertibility and increased trade that all hon. members are seeking to achieve, that this amendment be rejected.

Mr. Rodney Adamson (York West): The hon. member who has just spoken compels me to reply to certain things he has said with regard to trade before I go on to speak about convertibility.

First of all, with regard to timing, I do not think a conference of this kind can be held soon enough. The gold and the currency reserve in the United Kingdom is now down to within £200 million of the £1,300 million which all the white papers and all the economists and both chancellors of the exchequer, Conservative and Labour, said was the absolute danger point. Let us not fool ourselves. Unless we do act quickly we are going to see that point reached in the United Kingdom gold and currency reserve that we in Canada, I submit, cannot permit without doing all in our power to prevent it. Therefore this proposed conference cannot be held soon enough if we are to endeavour to stop the rot that is apparently going on at the present time.

In speaking about trade with the United States the parliamentary assistant did mention figures which in terms of dollars are impressive. There is no doubt about that; but it should be remembered that the 1952 dollar as compared with the 1938 dollar at 100 is worth 47·4 cents. Therefore the figures of 1938 should have a multiplier in them of 2·17 or 2·2 to bring them up to the 1952 dollars.

Mr. McIlraith: How do you arrive at that figure? The bureau of statistics have never been able to arrive at a figure on either exports or imports that would reduce them to constant dollars. They have never been able to arrive at that though considerable work has been done on it.

Mr. Adamson: The chambers of commerce have estimated that that figure, or a figure slightly below, between the 45 and the 50 cent mark, is what the constant dollar is worth at the present time.

Mr. McIlraith: I do not know whether you can use those because the bureau of statistics have done a great deal of work on it and have not been able to arrive at it.

Mr. Adamson: These are estimated figures.

Mr. McIlraith: If you use them as estimated figures there is no objection; otherwise there is an objection.

Mr. Adamson: These are estimated figures, and they were published in a paper I read just before coming into the house.

Let us put it on a basis of even the cost of living, the wholesale index, or any other indices which the bureau of statistics will give. The figure for 1938, which was the year before the war, is at least half the figure for 1952. The cost of living is 188, I think; both the wholesale index and labour statistics are over 200. I will not quarrel with the parliamentary assistant if he just takes it as two to one, but even so it is certainly more than twice what the present figure gives. That is, in terms of constant dollars the exports in 1938 should have a multiplier of over 2 to bring them up to terms of 1952 dollars. So much for that. I submit that is a fallacy, and the figures are misleading. But coming to the other point, as to our percentage of trade with the United States: I admit our exports to that country in the first four months of the year come to 55 per cent of our total exports; but our imports from that country come to 76 per cent of our total imports. It is axiomatic that if we wish to sell to anyone we must be prepared to buy from him. A disproportionate amount of our imports are coming from this one country. One of the benefits of a conference such as the one suggested would be to encourage other countries to enter our market, and to make it possible for them to do so.

At the present time there are difficulties in the way, and I propose to discuss those difficulties a little later when I refer to the question of convertibility. There is no time

more dangerous than the present for the government to sit back and say, "Look at our marvellous figures; look at our wonderful prosperity; look at our billions of dollars of exports and our billions of dollars of imports." Certainly those are impressive figures, but we must scrutinize them and do everything possible to see that the volume of trade is more equally distributed over the rest of the world than it is at the present time. I submit that a condition under which more than half our exports go to one country and 76 per cent of our imports are received from it, is an unbalanced one.

The necessary climate for the convertibility of currency is very similar to the necessary climate for international trade. Currency convertibility requires three basic conditions. The first condition is that internal fiscal stability shall be maintained as a national policy. In other words there must be no resort to the issuing of money not represented by goods; the printing press must not be used. Inflation must be curbed in every possible way. There must be a balanced budget. If this factor is not present, no country whose internal fiscal policy is not sound can maintain a currency which will stand free convertibility. No matter what other conditions may exist, unless the internal fiscal policy is sound the national currency will not be sound.

The second condition is the removal by governments of artificial barriers to trade such as quotas, embargoes and all the devilish devices generally classified as exchange controls. Included in that are also government trading agencies. Never has international trade been carried on prosperously with a government as one of the parties to a deal. It may be urged that what any other country does is none of our business. It may be said that we are offering advice to others if we mention these things. But, Mr. Speaker, these are inevitable and essential economic truths; and unless these conditions pertain there can be no really free and adequate convertibility of currencies. You cannot have a free currency or a freely exchanged currency unless a government will allow that currency to move in or out and be exchanged. At the present time those of us on the North American continent are in possibly the only area in the world where there is a degree—and it is not in any way complete—of free currency exchangeability. That is the second condition which must be present in order to make a currency convertible.

The third condition is that there must be a common denominator which fulfils the function both of a currency—the counter—and of a store of value—the security. There has been in history, and is at the present time, only one agent which will fulfil this function, and that is gold. Until we can establish complete freedom and maintain gold as a freely exchangeable denominator for currency, we cannot really have currency convertibility. Today we are basing our currency convertibility in terms of the United States dollar. That may be a very fine currency. It may be, and probably is, the world's leading currency at the moment. But, Mr. Speaker, it is just as unsound to take that currency as the exchange medium for all other currencies as it would be to take the Swiss franc or even the French franc, because the internal fiscal policy is subject to the same inflationary forces as apply to all other managed currencies.

In other words the internal fiscal policy in the United States constantly reduces the purchasing price of the American national currency. There was an example this very week in connection with the negotiations regarding the steel strike, in which was involved an increase in the basic wage by something more than 20 cents. This will inevitably mean an increase in the price of basic steel. An increase in the price of basic steel inevitably means a depreciated purchasing power for the national currency. It cannot mean anything else. Therefore our adherence to this policy of using the United States dollar as an exchange medium is one of the greatest fallacies we could follow.

Mr. Speaker, would you call it six o'clock?

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, before you call it six o'clock, I have to make some changes in the announcement I made on Friday evening with respect to the business of the house. I had announced that at eight o'clock we would go into supply and take up post office estimates. Hon. members will understand that is an impossibility if I want to remain within the rules of the house. Therefore we will continue this debate until we get a vote, go into supply, call two departments and then follow the procedure I outlined on Friday. We will ask leave to sit again and then take up the bill concerning the recapitalization of the C.N.R. before we take up post office estimates.

Mr. Fleming: What about the immigration bill?

Mr. Fournier (Hull): No.

Mr. Fleming: Not today?

Mr. Fournier (Hull): As to the other two bills, no.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

SUPPLY

The house resumed consideration of the motion of Mr. Fournier (Hull) for committee of supply, and the amendment thereto of Mr. Drew.

SUGGESTED COMMONWEALTH CONFERENCE—TRADE AND CONVERTIBILITY OF CURRENCIES

Mr. Adamson: Mr. Speaker, when the house rose at six o'clock I was endeavouring to discuss this most important matter and I had briefly mentioned, despite our tremendous prosperity, the inherent danger of channelling at the present time such a great percentage of our trade to the United States. I mentioned too the danger of the United Kingdom position with regard to their gold and dollar reserves. I had mentioned constant dollars and the relationship between the 1938 dollar and the 1952 dollar. I had mentioned very briefly also the three essential points in the climate for convertibility: first of all the internal fiscal soundness of each country; second, the removal of restrictive decrees with regard to the exchangeability of currencies, such as quotas, embargoes, and exchange controls; and third, the establishment of a common denominator of currencies, which of course is gold.

With regard to the latter subject, on which I wish to speak for a few minutes, I do not think we generally appreciate how far the European payments union has advanced, and how far the continent of Europe has progressed in the last year or so with regard to multilateral trade. As an unfortunate example of this, and I say "unfortunate" because of our position with respect to trading with the United Kingdom, we find the United Kingdom is having a constant adverse balance of payments with the European union. If anything would emphasize the necessity of an empire or a commonwealth trade and currency arrangement this does, because we find that sterling balances are not only being drained by the dollar countries, but they are also being depleted by the European payments union.

As a consequence we find that the situation with regard to the United Kingdom is becoming most perilous. The parliamentary assistant to the Minister of Trade and Commerce (Mr. McIlraith) said that we in this country could not suggest to any other country how they should manage their internal fiscal policies. But, Mr. Speaker, if the trend of the last six months continues, despite the glowing statements recently made, and the reserve position of the United Kingdom comes to such a pass that further devaluation or other drastic measures must be taken, then I submit that we cannot stand idly by without doing everything in our power to prevent it. We cannot suggest what they should do. We cannot tell them what they should do, but at least we can offer suggestions and an avenue through this conference, which I suggest would go a very long way toward breaking the present almost intolerable position.

Recently the French government was in a frightfully serious position with regard to its internal economy. The present prime minister, Mr. Pinay, and his adviser who was I think Mr. Gutt, decided that in order to restore confidence in the French fiscal or monetary position they would float a new bond issue tied to the purchasing power of the French gold napoleon. Despite the complexity of the measure, that move did more to bring gold out of hoards and restore the stability of the franc than any move since the end of the last war. I think in the first two weeks they have had phenomenal success in obtaining over 40 per cent of the required sum, which is unique in recent French financing.

The parliamentary assistant to the Minister of Trade and Commerce mentioned the subject of barter. I can assure him, and I can assure this house, that as far as international trade is concerned there is no greater evil than attempting to enter into barter deals. As a matter of fact barter deals have been the curse of multilateral trade ever since the end of the war. They have flourished entirely because countries have been unable to have exchangeability or convertibility of currencies. Such a conference as this resolution suggests would do much to sound the death knell of these barter deals, particularly between the sterling area countries. These bilateral agreements are based not on the value of an exchangeable currency but on a private deal between different nations, with very little regard to world price of the article so bartered. Barter, therefore, is essentially evil, because until we get rid of it we can never return to a multilateral system of trading.

I mentioned, Mr. Speaker, the question of using someone else's currency, someone else's money as the chip or the counter. We, and the rest of the world, have no control over the purchasing power of the United States dollar. The purchasing power of that dollar is entirely dependent upon the internal fiscal policy of the United States. The greatest folly we can commit at the present time is tying our world trade to that dollar. When we do so we are, unfortunately, tying our trade

to a currency that is dependent upon internal United States inflationary and political pressures. I mentioned the steel strike as an example of the sort of thing I meant. No, Mr. Speaker, until such time as we can have a common denominator beyond and above any tampering or control by any national government we cannot have true convertibility of currency. Until we make gold freely exchangeable, and establish freedom to hold, own and sell that one agent which has preserved international trade in the past, we will not have true convertibility of currency.

I should like to speak briefly about the movement of Canadian capital. The hon. member for Acadia (Mr. Quelch), in a speech with which I found myself in agreement in large measure—particularly his castigation of the international monetary fund which to me is the evil genius of the whole impasse of international trade—mentioned that the reason for the strength of the Canadian dollar was the influx of United States capital into Canada. There has been a heavy influx, but based on a percentage of our pre-war capital plant the United States holdings of Canadian plant today are lower than in 1939 or even shortly after the first world war. As a matter of fact Canadian capital, to a far greater degree than is generally known, has done the job of developing this country since the last war. We have had an influx of United States capital, but based on a percentage of either our growth or of our capital plant the percentage of United States investment in Canada is lower than it was prior to the war.

There is another thing about Canadian capital that I should mention, and that is that the export of Canadian capital on a per capita basis, even with the great heritage in our own country to develop, has been greater than that of any country in the world. In other words, Canadian capital has done more on a per capita basis to develop other parts of the world than has the capital of any other country. In a speech recently delivered in Toronto, Mr. Henry Borden suggested that Canadian capital should go outside of Canada for development. It has done that to a very great degree. All over the world you will find Canadian companies, Canadian capital developments. I give you the Massey-Harris Company as an example. I believe that company does eighteen times the amount of business outside of Canada that it does inside Canada. The Brazilian Traction Company has three-quarters of a billion dollars invested outside Canada. There are many others that I could mention, but those two are examples.

I believe we are citizens of no mean country. We have a proud heritage and a high standard, not only of living but of development. We have played our part and are playing our part in the world structure because we have that know-how, which perhaps we inherited from the English. This conference which is suggested would be of inestimable value, because we are the only country in the commonwealth inside the so-called dollar orbit. Unless we break down the compartmentalization of the world between sterling or soft currency areas and dollar or hard currency areas, we are not going to have international trade. Unless we have international trade we are not going to have true prosperity. Unless we have true prosperity we are not going to be able to defeat communism. That, Mr. Speaker, would be the true aim of such a conference.

Let us not be little Canadians. Let us believe in our own country. When we have a good position, as we have today, let us not belittle it. Let us however look at it and see the dangers in channelling so much of our trade to one area. There is real danger in our present position. If we are to maintain our exports when Germany and Japan become efficient competitors, we must have our industrial plant at the highest pitch of efficiency. We shall be competing with new plant; and despite the fact that we have increased our plant and have ploughed back earnings into new plant, nevertheless we shall be competing with new plant in a highly industrialized hard-working and efficient nation such as Germany or Japan. Unless we are efficient our present happy position can change extremely quickly. May I say quite frankly that we are living in a fool's paradise unless we realize that fact. The figures of today, when we are in a most prosperous era, at the top of a boom, may delude us. We have our exports at a higher figure than ever before. We have a greater volume of trade than we have ever had before. But that situation could easily and rapidly alter, in this way.

Our manufacturing plant is subject to the highest taxation in history. I want just to give a breakdown of taxation to show what our exporting plant has to stand. Here is a breakdown of the taxation estimated in the present year. Revenue—and this is total revenue of the government—from miscellaneous sources, that is to say sources in which they sell something, as from crown

companies, 8 per cent; the small or nuisance taxes, 2 per cent; customs and excise, 14 per cent; sales and other excise taxes, 23 per cent; personal income tax, 25 per cent; corporation income tax, 28 per cent. In other words corporations are our largest source of revenue. It is upon those corporations that we depend for our manufacturing exports. If we run into severe competition, as we must expect to do, that tax structure on those corporations is going to act as a deterrent and a brake on the competitive efficiency of those corporations exporting to the world market. Not only that; it is going to jeopardize our own internal fiscal structure when you have such a high degree of taxation from one source.

It is all every well if you have no unemployment and your plant is working at 100 per cent efficiency. But just as soon as you get a recession, and just as soon as that plant stops producing at 100 per cent of capacity, your taxation source is going to drop. If your plant reduces capacity by as little as 10 per cent, your tax revenue may drop off as much as 40 per cent, because it is on 100 per cent operation that the profits are made. Hence from our corporation taxation we are running a danger in this way. If, as we must expect, production falls off from the peak even by a small amount, the profits fall off by a large amount and the revenue for government purposes falls off by that corresponding amount. In other words with a high-year system of taxation on corporations, we are betting that we shall produce at 100 per cent of capacity. If we do not produce at 100 per cent of capacity our tax revenues will fall off. With such a large increment of taxes from one source, we stand in grave danger of having an unbalanced budget.

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

Mr. Gibson: Of course.

Mr. Adamson: Yes, surely.

Mr. McIlraith: Mr. Speaker, how does the hon. gentleman reconcile the argument he has just been making about the taxation of export corporations being a factor in competitive export—as it undoubtedly is—with the demand his colleague the hon. member for Broadview (Mr. Hees) made in the house the other day for a heavy expenditure immediately on national health insurance? How does the hon. member reconcile the two arguments?

Mr. Dickey: And the resolution for double family allowances.

Mr. Fleming: He did not say any such thing.

[Mr. Adamson.]

Mr. Adamson: That is dealing with another subject completely.

Mr. Graydon: Hon. members opposite do not always agree with the hon. member for Fraser Valley (Mr. Cruickshank) either.

Some hon. Members: Question.

Mr. Adamson: My time is nearly up.

Mr. McIlraith: My point was limited to the taxation aspect.

Mr. Adamson: I am speaking about taxation and exports.

Mr. McIlraith: Yes; that is my point.

Mr. Adamson: If the parliamentary assistant to the minister of all the talents will contain himself, I should like to put on record some very simple figures.

Mr. Dickey: Just a simple answer is all we wanted.

Mr. Adamson: I want to put on the record some figures showing what corporation taxation is doing. I have worked out, for the 1951 period, what corporation taxation has meant to a number of corporations. I have worked it out on this basis: for every dollar the shareholder received, what did the government get in taxation?

I have the figures here and they are as follows:

Aluminum Ltd.	$2.55
Asbestos Corp.	1.28
Abitibi Power and Paper	3.24
Fraser Companies	3.76
Great Lakes Paper	2.40
Dominion Tar and Chemical	2.40
Imperial Oil Ltd.	2.90
Canadian Industries Ltd.	1.80
International Nickel Co.	1.20
Noranda Mines	.54

Mr. Gibson: Mr. Speaker, will the hon. member permit a question? I think he should put these figures on the record so they are clear. Will he just say what they are?

Mr. Adamson: This is taxation per dollar of dividends. If the hon. member would like me to do so, I will table this compilation. It is very simple.

Mr. Gibson: It is an excellent table.

Mr. Adamson: To continue:

Hudson Bay Mining and Smelting	$ .71
Steel Company of Canada	4.15
Canadian Ingersoll Rand	1.71
Canadian General Electric	2.88
Canada Cement	2.42

I would ask permission to have this complete table appear on *Hansard*.

Mr. Deputy Speaker: Is it the wish of hon. members that the table appear on *Hansard*?

Some hon. Members: Agreed.

Mr. Adamson: The table is as follows:

WHAT ONE DOLLAR IN DIVIDENDS REPRESENTS IN TERMS OF PRODUCTION, TAXES AND WAGES FOR SEVERAL REPRESENTATIVE CANADIAN CORPORATIONS

Company	Corp. Income Tax Paid Per $ of Div.	Wages Per $ of Div.	Gross Production Per $ Div.	Production in Kind Per $ of Div.
	$	$	$	
Aluminum Ltd.	2.55	.....	19.75	.....
Asbestos Corp.	1.28	3.32	.....	1·99 tons Rock.
Abitibi Power and Paper	3.24	13.60	21.30	362 lbs. Paper.
Fraser Companies	3.76	.....	21.00	202 lbs. Paper. 10·7 bd. ft. Lumber.
Great Lakes Paper	2.40	.....	11.85	240 lbs. Paper.
Dominion Tar and Chemical	2.40	7.80	.....	.....
Imperial Oil Ltd.	2.90	.....	28.50	3·83 bls. of Refined Oil. 143 gals. Gas.
Canadian Industries Limited	1.80	.....	19.20	.....
International Nickel Co.	1.20	.....	7.25	6·1 lbs. Nickel. 5·9 lbs. Copper.
Noranda Mines	.54c.	.....	2.33	15·1 lbs. Copper.
Hudson Bay Mining and Smelting	.71c.	.....	4.00	6·5 lbs. Copper. 13·1 lbs. Zinc.
Steel Company of Canada	4.15	11.15	.....	635 lbs. Steel.
Canadian Ingersoll Rand	1.71	.....	.....	.....
Canadian General Electric	2.88	.....	65.00	.....
Canada Cement	2.42	Over 2.50	13.67	.....
Average	$2.26.			

That makes an average of $2.26 that the government gets through taxation for every dollar the shareholders get, in connection with this group that I have given. The Canadian manufacturers association have arrived at another figure running well over $2. I just want to show that the government's take from the owners of the production plant in this country is more than twice the take by the owners.

Mr. Pouliot: On a point of order; it is very interesting, but I think the hon. gentleman exhausted his time long ago.

Mr. Gibson: He should have more time for a good speech.

Mr. Adamson: I was just going to close, and I have had a reasonable number of interruptions. I merely mention these things because if we are going to continue to compete in the world markets, the old man of the sea, which is the government, has to be taken off the back of the production plant of this country; otherwise we are living in a daydream, which could rapidly become a nightmare.

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

YEAS

Messrs:

Adamson	Fraser
Aylesworth	Gillis
Black (Cumberland)	Graydon
Blair	Green
Brooks	Harkness
Browne (St. John's West)	Hees
Bryce	Jones
Cardiff	Knowles
Casselman	Lennard
Catherwood	Macdonnell (Greenwood)
Charlton	MacLean (Queens)
Churchill	McLure
Coyle	Quelch
Diefenbaker	Stewart (Winnipeg North)
Dinsdale	Tustin
Fair	White (Middlesex East)
Fairclough, Mrs.	Wylie—35.
Fleming	

Suggested Commonwealth Conference

NAYS

Messrs:

Anderson	Kirk (Digby-Yarmouth)
Applewhaite	Langlois (Gaspe)
Ashbourne	Leger
Balcom	Macdonald (Edmonton East)
Benidickson	MacDougall
Black (Chateauguay-Huntingdon-Laprairie)	MacLean (Cape Breton North and Victoria)
Bradette	Macnaughton
Brisson	McCubbin
Brown (Essex West)	McIlraith
Byrne	McIvor
Carroll	McLean (Huron-Perth)
Carter	McWilliam
Cavers	Major
Chevrier	Mott
Cote (St. Jean-Iberville-Napierville)	Murray (Cariboo)
Cote (Verdun-La Salle)	Murray (Oxford)
Cruickshank	Mutch
Dewar	Pouliot
Fournier (Hull)	Proudfoot
Fulford	Riley
Gauthier (Lapointe)	Rooney
Gauthier (Portneuf)	Rousseau
Gauthier (Sudbury)	Simmons
George	Sinclair
Gibson	Smith (Moose Mountain)
Gour (Russell)	Stick
Gourd (Chapleau)	Stuart (Charlotte)
Helme	Weaver
Hetland	Weir
Huffman	Welbourn
Jutras	Whiteside
Kickham	Whitman
Kirk (Antigonish-Guysborough)	Winkler
	Wood—67.

Mr. Johnston: I was paired with the hon. member for Halton (Mr. Cleaver). Had I voted I would have voted for the amendment.

Mr. Dickey: I was paired with the hon. member for Annapolis-Kings (Mr. Nowlan). Had I voted I would have voted against the amendment.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

248. To provide for the Canadian forces, the defence board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization, and notwithstanding section thirty of the Financial Administration Act, to authorize total commitments for the foregoing purposes of $3,988,568,232 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $2,346,221,325 will come due for payment in future years); and to provide for the estimated actual expenditures in the fiscal year 1952-53, $1,642,346,907.

Item stands.

DEPARTMENT OF THE SECRETARY OF STATE

433. Departmental administration, $213,883.

Item stands.

Progress reported.

[Mr. Adamson.]

CANADIAN NATIONAL RAILWAYS

PROVISION TO RELEASE CANADIAN NATIONAL RAILWAYS FROM CERTAIN CLAIMS BY HER MAJESTY IN EXCHANGE FOR PREFERRED STOCK, ETC.

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 308, to revise the capital structure of the Canadian National Railway Company and to provide for certain other financial matters.

He said: Mr. Speaker, in the debate on the resolution preceding the introduction of this bill I made some general remarks on the principle outlined in the resolution. I shall now review in more detail the provisions of the bill. The Canadian National Railway system is made up of four principal railways. The Canadian National Railway Company has absorbed by amalgamation the old Grand Trunk system. It controls by stock ownership the Canadian Northern and the Grand Trunk Pacific systems. The Canadian National Railway Company has also been entrusted with the management and operation of the Canadian government railways which include the Intercolonial Railway, the National Transcontinental Railway, the Newfoundland Railway and the Hudson Bay Railway.

These four principal railways including their subsidiaries are generally referred to under the collective name of Canadian National Railways. Operations as a unified system commenced on January 1, 1923 and have continued under different forms of management to the present day. At the present time the management of the national system is conducted by a board of directors appointed by the governor in council. This system of management has met with conspicuous success.

The capital structure of the Canadian National Railways has always presented a problem to the government of the day. In 1937 parliament dealt with this problem by enacting the Canadian National Railways Capital Revision Act. That act transferred to a corporation called the Canadian National Railways securities trust certain indebtedness of the national railways to His Majesty. This had the effect of eliminating from the balance sheet of the railways the amount of old loans for capital purposes and for deficits, together with accrued interest thereon, amounting to $1,218,642,195. Of this amount $270 million representing loans for capital purposes was transferred on the balance sheet to proprietors' equity as the value placed on the capital stock of the securities trust.

The capital revision act, however, did not deal with the large funded debt in the hands of the public and did not go further than I have indicated with respect to loans made by

the government to the national railways for capital purposes. In addition, the act of 1937 did not establish any policy for future financing of the railways except to proceed along the well-worn path of borrowing either from the public or the government as the need arose. In 1948 the government directed the royal commission on transportation to review the capital structure of the Canadian National Railway Company and report on the advisability or otherwise of establishing and maintaining the fixed charges of that company on a basis comparable to other major railways in North America. The recommendations of the royal commission on the recapitalization of the national system are found in chapter 6, pages 196 to 198, of the report. I propose to deal briefly with the recommendations of the commission and the corresponding provisions of the bill.

1. Conversion of a portion of Canadian National Railways' debt into income debentures, recommendations 2 and 5 of the royal commission. The royal commission recommended that the fixed interest-bearing government loans outstanding on December 31, 1949, totalling $743,661,000 be converted into 3 per cent income debentures on which interest would be paid only if earned, and would not be cumulative. The government considered that it was undesirable to relate the amount of relief granted to the total amount of government loans outstanding at any given time. Such a course of action leads to the expectation that this type of loan could be written off at any time in the future that might appear to be expedient. It might also set an undesirable precedent in dealing with other crown corporations.

The bill on the other hand provides for writing off an amount of $736,385,405, being 50 per cent of the total indebtedness of the national company to the government and the public outstanding at December 31, 1951. In exchange for this release of indebtedness the national company will issue to the government an equivalent amount of 4 per cent non-cumulative preferred stock. In addition to this relief from excessive debt charges the bill provides for a ten year moratorium on interest due on $100 million of funded debt owing to the government.

2. Newfoundland railway and steamship services, recommendation No. 1. The royal commission in its first recommendation considered that as a temporary measure the Canadian National Railways should be reimbursed annually by the government for the operating losses of the Newfoundland railway and steamship services and also for capital expenditures in respect thereof. Past experience indicates that segregation of financial operations from the general accounts of the national railways is not desirable and that the railway management is in a better position to resist proposals for unnecessary or extravagant expenditures if funds are provided through the railway budget instead of being voted as a direct obligation of the government. For this and other reasons the government does not favour this recommendation of the royal commission. However, the government recognizes that the Sydney-Port aux Basques ferry is in a somewhat different position and the government proposes, although this is not included in the bill, to assume the operating deficits of that ferry service. This will be done by submitting to parliament each year an appropriation to cover the operating deficits of the ferry service similar to the procedure adopted by parliament in the case of the Prince Edward Island car ferry. In 1951 the deficit of the Sydney-Port aux Basques ferry was approximately one and a quarter million dollars.

3. Reserve for something to come and go on, recommendations 4, 5 and 6. The royal commission recommended that after payment of interest due the public the Canadian National Railways be allowed to accumulate out of earnings in each year a reserve or something to come and go on, such reserve to be not more than the lesser of (a) one-third of the income after providing for all charges and deductions from income except interest on the company's obligations, or (b) the balance of the income after payment of interest on debts due to the public. It further recommended that to the extent that such reserves and surpluses had been accumulated losses, if and when realized, should be charged against such reserves and surpluses. It appears from this that the real objective the commission was seeking was the establishment of the principle that some portion of the annual capital expenditures of the railway for additions and betterments should be financed without adding to the fixed interest-bearing debt of the railway.

There are probably some additions and betterments required from year to year which do not add perceptibly to the earning power of the railway, and unless these can be financed in part at least out of earnings or by equity capital there will be a constant increase in the fixed interest-bearing debt of the railway and perhaps a continuing tendency for annual interest charges to rise beyond the railway's earning capacity. The bill provides for the annual purchase by the government during the period 1952 to 1960 inclusive of additional 4 per cent preferred stock in an amount equivalent to 3 per cent of the railway's gross revenues to provide

the company with a reserve to be used for ordinary additions and betterments. This percentage of gross revenue is a figure which would be subject to review at the end of that period in the light of circumstances existing at that time. Any capital requirements which could not be met out of this reserve and other reserves of the railway should be financed by interest-bearing loans either from the public or the government. These are matters in regard to which appropriate decisions can only be made at the time the financing is required.

4. Securities trust; recommendation No. 3. The royal commission recommended that the shares of the Canadian National Railways securities trust now held by the government be turned over to the Canadian National Railways in exchange for an equal number of the company's shares. The bill provides for this to be done and for the continuance of the securities trust for the purpose of protecting the priority of government claims in respect of collateral securities.

5. Future financing; recommendation No. 7. The royal commission recommended that any capital required to finance the company, in addition to reserves accumulated from operations, be obtained from the sale of bonds to the public and income debentures to the government. The government felt that this recommendation should not be adopted, not only because it implied that the national railways were to remain in a state of semi-bankruptcy but also because of the very serious consequences such a principle, once accepted in respect of the national railways, would have in relation to the future financing of other crown corporations.

6. Surplus earnings and deficits; recommendation No. 8. The royal commission recommended that surplus earnings, if any, after payment of interest on debts due to the public, the provision for reserves or something to come and go on, and the payment of interest on government loans be dealt with at the discretion of the directors. The bill provides that surplus earnings remaining after payment of interest on funded debt, income taxes and dividends on preferred stock shall be remitted annually to the government or the governor in council may direct that the whole or any part of the surplus remaining shall be applied toward the discharge of the obligations of the national system. If in any year railway earnings are not sufficient to cover all expenses, including payment of interest on funded debt, parliament will be asked to vote the deficit.

The government considers that the provisions of the bill provide a generous solution to the problem of enabling the national railways to finance capital expenditures without an undue accumulation of fixed interest-bearing debt and annual fixed charges. If these proposals are adopted the national railways would be relieved of fixed charges on government loans which amount to some $22 million, and in addition would have a moratorium for ten years on interest charges on another $100 million. The railways would also be relieved of the burden of the operating loss in respect of the Sydney-Port aux Basques ferry service. It should also be noted that the bill provides for a substantial amount of equity financing by the issuance of preferred stock which would be done even in years of poor earnings or no earnings at all, whereas the royal commission's formula would provide additions to the reserve only on the basis of a relationship to net income.

All things considered, I think the bill provides an acceptable solution to the problem of revising the capital structure of the Canadian National Railways.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, this bill is a rather complicated measure. For that reason, and also because it is to be referred for study to the special committee on government owned railways and shipping, my remarks this evening will be comparatively brief. On the whole, we believe this measure is a good one and that it will be of benefit to the men and women who are serving this country in their capacity as employees of our Canadian National Railways.

In the annual report of the railways for the year 1951 I notice this statement with regard to recapitalization:

> The Canadian National has never failed to meet operating expenses, but except for the years 1926, 1928, and 1941-1945 has been unable to meet the heavy fixed interest charges with which the system has been faced since its inception in 1923. The royal commission—

Referring there, of course, to what is commonly known as the Turgeon commission.

> —having studied the evidence presented in public hearings, reported:

Then there is a quotation from that report:

> The Canadian National Railways has established a case for reduction of its fixed charges and for the desirability of the company being able to accumulate out of earnings a reserve or something to come and go on.

This recapitalization has been looked forward to for a good many years by those who are interested in our national railway. To me there seem to be two very important features about this measure. There is first of all the reduction of the fixed charges and, secondly, the desirability of the company being able to accumulate out of earnings a

reserve or something to come and go on. Those, of course, are the two points stressed by the president in his annual report.

Dealing in the first place with the fixed charges: in the annual report at page 33 we find that there is a very large debt held by the general public, amounting at the end of 1951 to $615,197,035, on which there was an annual amount of interest payable of $23,467,703. As I understand the bill, this debt to the public will not be affected at all. It will remain outstanding and will have to be met in due course by the railway. In addition to the debt owing to the public there was owing at the end of 1951 to the government of Canada, for loans of various kinds, a total of $857,573,774 on which there was an annual interest payment due of $23,347,412. This figure, of course, is after the reductions granted by the act of 1937.

In 1951, in order to meet these interest payments to the public and to the government, aggregating almost $47 million, the railway had available $31,783,119. That figure is to be found at page 26 of the annual report. It means that last year the railway was short $15,031,996 in the amount required to meet interest payments to the general public and also to the government.

The plan contained in this bill apparently is to take the total of these two debts, namely, the amount owing to the public and the amount owing to the government, and divide it in two. In that way we reach a figure of $736,385,405. That amount is to be taken away from the $857 million odd which is owing to the government, leaving a balance owing to the government of about $121 million, according to my calculations. In addition, of course, there will be $615 million odd owing to the general public. If I am wrong with respect to these figures I would ask the minister to correct me.

Mr. Chevrier: Yes, there is another hundred million to go off for a period of twenty years.

Mr. Green: Yes; I am coming to that. This $736 million, which is to be taken off the debt, is in fact to be changed to 4 per cent preferred stock, which of course will be held by the government. The dividends will not be cumulative, and will only be paid by the railway if earnings are sufficient. The result of this change, I take it, will be to wipe out the income deficit of the railway, and that is a very good thing.

However, the Turgeon commission recommended action of a little different kind. They recommended that all the money owing to the government should be changed, not to 4 per cent preferred stock but to what they described as 3 per cent income debentures. This evening the Minister of Transport (Mr. Chevrier) has said that the government decided not to wipe out the total amount of the loans made by the government, in the belief that it was wiser to keep a certain amount hanging over the head of the railway. I doubt very much whether that was necessary. It does seem to me that when we were making this change it would have been better to follow the recommendation of the commission, and change all of this loan to the 4 per cent preferred stock. This would have given the railway just that much better start in its new day. After all, with this recapitalization the Canadian National Railways turns the page and begins with a clean sheet. I think perhaps it would have been wiser to change all of that debt, rather than leaving over $121 million still outstanding as a loan.

There is a second provision in this bill to the effect that on $100 million, which I suppose is $100 million of the $121 million to which I have just referred, there need be no interest paid for a period of 10 years, and no principal for a period of 20 years. During the second period of 10 years the amount of interest is left indefinite, with the figure to be set by the cabinet. It is difficult to understand the reason for this plan. There is no such recommendation in the report of the Turgeon commission, and the $100 million seems to have been an arbitrary amount pulled out of the air by the government.

When the resolution preceding this bill was under debate the minister rather led us to believe that one of the reasons this provision was made for the $100 million was the recommendation by the Turgeon commission that advances should be made annually for the losses incurred on the Newfoundland railway. However, he has cleared that point up tonight. I think it must be pointed out, however, that the Turgeon commission made very definite recommendations in favour of annual reimbursements to the Canadian National Railways for losses on the Newfoundland railway, and also for losses on what are called developmental lines. This reference will be found at page 198 of the report in these words:

> It is also recommended that in the case of any developmental line which may hereafter be constructed or acquired by the government, in respect to which the capital expenditures required are large and losses in operation are likely to be incurred for some time, the entrustment of the said line to the Canadian National Railways be made on the same terms as are proposed herein in regard to the Newfoundland railway.

Those recommendations, if accepted, would have provided a means of helping Canadian National Railways in the years that lie ahead.

But instead of doing that, this measure just gives the right to waive interest on $100 million for a period of 10 years, and then allows the railway to pay a low rate for a further period of 10 years. It does not seem to meet the situation which was outlined by the Turgeon commission.

I wish to say a few words also concerning the second main feature, which is the accumulation out of earnings of a reserve, or what is described as something to come and go on. The Turgeon commission dealt with that feature at page 195 of the report, and apparently the suggestion was advanced by officers of the railway who appeared before the commission. This is what we find:

> The Canadian National Railways has established a case for reduction of its fixed charges and for the desirability of the company being able to accumulate out of earnings a reserve for "something to come and go on."

On the following page the commission made very definite recommendations on how it might be possible for the railway to do that. In paragraph 4 of the recommendations we find the following:

> That after payment in the first place of the interest charges on debts due to the public—

Your Honour will note that there is no reference here to debts due to the government, but merely to debts due to the public.

> —the Canadian National Railways be allowed to accumulate out of earnings in each year a reserve or "something to come and go on," such reserve to be not more than the lesser of—

Then there are two measuring standards.

> (a) one-third of the income after providing for all charges and deductions from income except interest on the company's obligations, or
>
> (b) the balance of the income after payment of interest on debts due the public.

Then there is a further recommendation contained in paragraph 5:

> That after payment of the interest on the debts due to the public and the setting aside of the reserve or "something to come and go on" referred to in (4) above, an amount equal to three per cent of the then outstanding government loans, or the balance of the earnings, whichever is the lesser, be paid to the government.

That recommendation had a psychological advantage. If it had been implemented in the legislation, then the railway officials would have been able to accumulate a reserve out of the earnings of the railway each year; and I think that would have been an attractive plan for them. As a matter of fact it seems to have been the plan which they proposed to the commission. But in section 6 of the bill we find that, instead of provision being made for the railway to accumulate a reserve out of earnings, the government for a period of nine years only, commencing with the present year, is going to pay to the railway in each year three per cent of the gross earnings of the railway for that year.

In 1951 the gross earnings were something over $633 million. Had this measure been in effect last year, that would have meant the government would have paid to the railway about $19 million under this section 6. That money is to be paid into a special account and is to be used for additions and betterments. In exchange the railway will give the government more four per cent preferred stock.

In such a plan there is, of course, in reality no provision for any reserve out of earnings. Instead of the earnings going, as the Turgeon commission recommended, first on the debt to the general public and then into a reserve we find that, under this bill, the earnings are to go first to pay interest on securities held by the public; second, to pay interest on indebtedness of the company to the government; third, to pay taxes under the Income Tax Act; and fourth, to pay dividends on these four per cent preferred shares. Then any earnings remaining over and above that will be paid to the Receiver General of Canada, with power given to the cabinet to apply any part of those earnings which remain over and above the first four items in discharge of such obligations of the national system as the cabinet prescribes.

I point out again that there is no provision for the railway to accumulate a reserve; and the provision for payment by the government is only for a period of nine years. I would ask the minister, when he closes the debate, to explain why that change is made from the definite recommendation of the commission.

Finally I think a word should be said about the difficulty of comparing the Canadian National Railway Company, which is a state-owned railway, with the privately-owned railways; and that is true both in respect of the Canadian Pacific Railway and in respect of class I United States lines. We are all tempted to think that by recapitalizing the Canadian National Railway Company we can place it in a position where it can be compared with these other companies and can be made subject to exactly the same considerations. But the Turgeon commission was careful to point out that such is not the case. For example, at page 194 of the report of the commission we find this statement:

> What should be realized is that, while the Canadian National Railways and Canadian Pacific Railway Company could and should compete in so far as operations and services are concerned, there are many ways in which the two systems are not comparable, and it is neither practical nor desirable to establish the capital structure and the fixed charges of the Canadian National system on a basis comparable with the privately-owned railway.

At the foot of page 199, setting out the differences, there is a further reference which reads in this way:

A realistic approach to the recapitalization of the Canadian National Railways must recognize: First, that it is not a privately-owned company and has, as such, advantages, e.g., exemption from income tax—

Of course that advantage will no longer apply, as I understand it.

—and relief from credit problems; second—

And here we have one of the great handicaps of the state-owned railway.

—that it must operate railways in the public interest regardless of whether or not they may be profitable; third, that its earnings are consequently harder to forecast than in the ordinary case; fourth, that considerations ordinarily applicable to private companies on a recapitalization do not apply to it with anything like the same force or effect.

The Minister of Transport (Mr. Chevrier) himself said something to the same effect during the debate on the resolution. I am referring to page 2908 of *Hansard*. At that page it will be found that I asked him a question as follows:

Is it the intention that this measure will put the Canadian National Railways in the position of being used as a yardstick for the setting of freight rates? At the present time I understand that the Canadian Pacific Railway is used as that yardstick. Will the result of this measure be that the Canadian National Railways will be used instead of the Canadian Pacific Railway as the yardstick for setting the rates?

To that question the minister replied as follows:

Well, in so far as I can ascertain, the Canadian Pacific Railway will remain the yardstick by which rates will be fixed under the jurisdiction of the board of transport commissioners. This bill does not change that position. It would be for the board of transport commissioners to determine whether or not they want to use another yardstick. Whether they will or not, I am not in a position to say, but it is their responsibility.

The commission also dealt with that question. I read again from page 199 where they said:

In recent years Canadian National Railways' earnings have resulted from rates established on the basis of Canadian Pacific Railway's requirements. If this continues to be the case in the future, and if rates are established which will enable the Canadian Pacific Railway Company to earn its requirements as determined by the board of transport commissioners, it seems assured that on the average Canadian National Railways' earnings will be more than sufficient to pay interest on its debt to the public.

If the recommendations of the commission are carried out, and if good judgment and common sense are exercised in the future in the financing of improvements and betterments, there is no reason why the Canadian National Railways should again be burdened with excessive fixed charges.

As I said in opening, Mr. Speaker, the bill is to be reviewed by a committee, and it will be possible for that committee to call officials of the railway in order to get further information concerning this measure. We hope it will be possible for the committee to make changes in the bill, should it be found that there are ways of improving it. We hope also that the bill will be of great benefit to the country at large, and that it will give encouragement to our railwaymen. They have been waiting for this measure. I have here a statement made by Mr. Donald Gordon, president of the Canadian National Railways, just last month when speaking in Toronto to the interdepartmental educational association, in which he summed up very neatly the hopes and the wishes of the company with regard to recapitalization. He is quoted as saying that he expected the C.N.R. recapitalization plan would be brought into operation in the near future, and then he went on to say:

This will clean the windows of our financial house. Once the legacy of excessive debt has been lifted from our shoulders, we will be judged entirely on our merits, and it will be a challenge to everyone in the organization to show what we can do.

We hope this bill will put Mr. Gordon and his fellow workers in that position, and we wish them all good luck as they start out under this new plan.

Mr. Clarence Gillis (Cape Breton South): My remarks are going to be brief and to the point. For a good many years, as the minister is aware, we have raised in the house the necessity of the revision of the capital structure of the Canadian National Railways. I think he will remember also that we very seldom got any support on it. However, the bill before the house now has for its purpose the revision of the capital structure of the Canadian National Railways, and we welcome it as a step in the right direction. The Minister of Transport (Mr. Chevrier) has developed the habit lately of quite frequently bringing good news to the house, and this is another occasion when he has taken a step forward. Any time he does that we shall be glad to support him.

As to whether the bill will serve the purpose the president of the Canadian National Railways had in mind, and the purpose I have had in mind for some years, remains to be seen; but I do not think this is the place to discuss it. I am a member of the committee; I have read the bill, and I have listened to the president of the Canadian National Railways express his opinion. I have read the submission he made to the royal commission on transportation and the commission's report. In my opinion the bill before us at the present time fairly well meets the recommendations of the royal commission.

As the hon. member for Vancouver-Quadra (Mr. Green) stated, he is a member of that committee, and we shall have an opportunity of examining the bill clause by clause and of having people from the railways there to give us information where our minds may be clouded.

The group to which I belong have never regarded railways as a profit-making organization, as such. They are necessary services to the country, and particularly to a country like Canada, because if we are to develop this country it has to be served from the standpoint of transportation; otherwise you will never develop it.

The second thing I should like to say is that there is no comparison between the Canadian National Railways and the Canadian Pacific Railway. I know we shall hear a lot in the days that lie ahead about the failure of government enterprises; but I should like to point out to the guardians of the Canadian Pacific Railway in this house that the Canadian Pacific Railway was organized in the first place as an integrated railway system. The disadvantage of the Canadian National Railways was that it inherited a hodge-podge of many railways that were necessary in this country but which perhaps should have gone to bankruptcy. The Canadian National Railways took them over and the debt that went along with them, and the handicap the Canadian National Railways has suffered over the years has been an interest debt on bonds that should have been written off, or carried as equity capital, as the president of the Canadian National Railways has recommended.

Anyone who starts to make an analysis of the Canadian National Railways, the United States railways, and the Canadian Pacific Railway is getting on very slippery ground. If I were backing the Canadian Pacific Railway I would not want to go back to 1871, 1872 and 1874 and make an examination of the financial manipulations under which that railway was built. A government resigned over the Pacific scandal, and I do not think it adds anything to the debate to bring in that kind of comparison at this time; but I have no doubt we shall get a lot of that, and we shall have a great many people across the country, and many sections of the press, in the days to come trying to prove that the government is pap-feeding the Canadian National Railways, and so forth, in comparison with the other operating company. The hon. member for Vancouver-Quadra made a kind of left-handed suggestion in that direction—

Mr. Green: Well, now, Mr. Speaker, that is a very unfair remark. I said exactly the opposite. I said that the state-owned railway could not be compared with the private railways. I mentioned not only the Canadian Pacific Railway but also the United States lines, and I read from the Turgeon report. The hon. member need not try to say that I was taking any left-hand cracks at the Canadian National Railways.

Mr. Gillis: Who has the floor, Mr. Speaker?

Mr. Green: The hon. member had no right to make a statement of that kind.

Mr. Gillis: I sat here and listened to the hon. member for Vancouver-Quadra perhaps more carefully than did the hon. member for Greenwood (Mr. Macdonnell), because I knew I was following him. And there is not a member in this house, you know, that I like more to agree with. We work together quite a lot. What I heard the hon. member for Vancouver-Quadra say was that the commission's recommendations were such that if they were followed a comparison between the Canadian National Railways, one of the United States lines, and the Canadian Pacific Railway would be possible from the standpoint of financing and profits.

Mr. Green: No, I did not say that.

Mr. Gillis: If the hon. member says he did not say that, I will have a look at *Hansard* tomorrow and if I am wrong I shall be quite willing to take it back.

Mr. McLure: Correct it now.

Mr. Green: I said the opposite.

Mr. Gillis: I am not a bit doubtful as to the kind of propaganda you will get. But, as I suggested a moment ago, we will know more about the bill when it comes out of committee. So far as making a comparison between the two railways is concerned, there is no comparison. It is not possible to make a comparison. The Canadian Pacific Railway was built as an integrated railway system right across the country, and not only was it heavily assisted by the government but it received grants of land. It is interested in oil, and in many other ventures, and acts as a corporation. It is out to make money, and not to serve the country.

On the other hand, the other system grew up just like Topsy. It took over every uneconomic railway operation in the country, and has been carrying that debt load for a good many years. I agree as to the psychological value of the bill, and there can be no doubt that a revision of the capital structure of the Canadian National Railways is most important. For many years the workers—and I mean those who operate and maintain the trains along the line—have had a

complex and have asked themselves: What is the use? They feel that no matter how hard they work, no matter what they do, no matter how they move the trains across the country, all their earnings may be going into the pockets of the bondholders, or into the vaults of the banks and trusts.

With this debt removed there will be an incentive for the workers to get behind management and do an even better job than they have in the past, though their service thus far leaves no cause for complaint. I do believe, however, that the psychological shock they have had to absorb from year to year, when they have earned $46 million only to find it paid out as interest on bonds and loans without in any way reducing the principal sum, has been a factor that militated against the national railway system in no small degree.

I am not going to discuss the bill section by section. It will go to a committee and at that time I will have an opportunity to discuss it with officials of the railway company and the government who have studied the proposal and who may know more about it than we do. However, if the bill is not what I think it should be, then on motion for third reading in the house I shall be prepared to tell the house about it.

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, this is legislation to write red entries in black ink. We will examine it together, and then I shall draw my own conclusions. The bill makes reference to three amounts: $736,385,405, $396,518,135.02 and $378,518,135.02. The total amount involved in the bill is, then, $1,511,421,000.

But this is not the first time parliament has helped the Canadian National Railways financially. On today's order paper it will be seen that question No. 10 is divided into seven paragraphs. I could answer some of those paragraphs tonight, myself, and thus save the minister and the management of the railways the trouble of doing so. The first paragraph in my question is as follows:

Did the cancellation of capital stocks and certain indebtedness of the Canadian National Railway system to His Majesty, in virtue of chapter 22 of 1 George VI (1937), amount to more than one billion two hundred million dollars, and what was the exact amount of that cancellation?

As I was told to look into the statutes, I have done some research work, and have found the fine figure of $1,218,642,195.27.

Then the second paragraph in my question is as follows:

What was the total amount of the Canadian National Railway system securities held by the Canadian government at various times since 1923?

I do not have an answer to that question, but it would be easy for the accounting branch of the Canadian National Railways to give it.

Then the third paragraph in my question is this:

What amounts have been loaned or advanced to the Canadian National Railway system in virtue of the Canadian National Railways financing acts of 1934, 1935, 1937, 1940, 1940-41, 1942, 1943, 1946, 1947, 1948, 1950, 1951 and 1951 second session?

This information I have found in the statute books; therefore the answer by the hon. member for Temiscouata (Mr. Pouliot) to the hon. member for Temiscouata, with respect to financing acts of the Canadian National Railways, shows that the following amounts are involved:

Year	Chapter in Statutes	Amount
1934	Chapter 28	$16,387,835
1935	" 17	14,200,000
		44,000,000
1937	" 6	30,731,700
1940	" 24	15,104,000
1940-41	" 12	29,414,206
1942	" 22	22,360,000
1943	" 22	6,046,300
1946	" 42	22,550,000
1947	" 29	46,723,000
1948	" 37	85,882,200
1950	" 30	24,582,489
1951	" 45	111,512,920
1951 (2nd session)	" 9	55,581,816
		$525,076,466

That is the total of Canadian National Railways financing acts from 1934 to the second session of 1951.

Paragraph 4 of question 10 reads as follows:

4. Besides, what advances, loans or refunds were made by the Canadian government to the Canadian National Railway system in virtue of the Canadian National refunding acts of 1929, 1930, 1935, 1938, 1944, 1947 and 1951?

Here is the answer respecting the Canadian National refunding acts:

Chapter 11 of the statutes of 1929	$18,000,000.00
Chapter 8 of the statutes of 1930	20,042,038.84
Chapter 3 of the statutes of 1935	200,000,000.00
Chapter 22 of the statutes of 1938	200,000,000.00
Chapter 9 of the statutes of 1944	200,000,000.00
Chapter 30 of the statutes of 1947	200,000,000.00
Chapter 46 of the statutes of 1951	200,000,000.00
	$1,038,042,038.84

Mr. Knowles: Is there not some duplicating or overlapping in those figures?

Mr. Pouliot: I have mentioned the figures that are in the statutes, and if there are some accounting distinctions to be made I am willing to accept them.

Mr. Knowles: I was merely asking for information. I wondered if some duplicating of figures was not involved when there was a refunding but perhaps the hon. member will come to that.

Mr. Pouliot: It may be, but my hon. friend understands that it is worse than eating a barrel of molasses to check the figures in these

statutes. I took a note of what was in them, I have given the references, and anyone can check them if he wishes to do so. To summarize, under the Canadian National Railways Capital Revision Act of 1937, which was entitled "An act to provide for the cancellation of capital stocks and certain indebtedness of the Canadian National Railway system to His Majesty and for adjustment of the accounts of the system", there was an amount of $1,218,642,195.27. The total under the C.N.R. refunding acts from 1929 to 1951 amounted to $1,038,042,038.84. From 1934 to the second session of 1951 the total under Canadian National financing acts amounted to $525,076,466. These three figures make a total of $2,781,760,700.11. If we add the total of the amounts mentioned in Bill No. 308, namely $1,511,421,000, we have a grand total of $4,293,181,700.11.

Mr. Knowles: Is this bill not writing off some of these other amounts?

Mr. Pouliot: It may be so, but I should like my friend to wait a minute for my argument. I am merely laying the basis of my argument, and a difference of a million in the figures I have quoted will not change my argument at all. I am not here to establish the debt of the Canadian National Railways. I am here to make an argument and to appeal to the minds of my hon. colleagues, and particularly to that of the hon. member for Winnipeg North Centre (Mr. Knowles). Then paragraph 5 of question No. 10 reads:

> Referring to the said refunding acts of 1935, 1938, 1944, 1947 and 1951, was the amount of $200 million respectively mentioned in each act a revote or are these five amounts amounting to a refund of $1 million?

Apparently the latter is the case. There are only three paragraphs left in that question and I will deal with them when the question is called on Wednesday. Paragraph 2 of the question reads:

> What was the total amount of the Canadian National Railway system securities held by the Canadian government at various times since 1923?

I refer to security, stock or shares without par value. Paragraph 6 of the question reads:

> What is the total amount of the loans, advances and refunds made by the Canadian government to the Canadian Railway system since 1923?

The figure of $4,293 million is the answer to that. Paragraph 7 of the question reads:

> How much of it was cancelled, and when?

It is a question to which I should like to have an answer, and I may redraft the question after that. It shows one thing, Mr. Speaker: how difficult it is for a member of parliament to carry on research work, as was suggested to me, without any help. I had to go and look at the statutes. Reading them is the dullest thing on earth. I did my best to try to make a compilation of these figures in order to come to a certain conclusion and know approximately where we are. This is the first part of my argument. I have not reached the second yet.

The other day I asked for the bylaws of the Canadian National Railways in virtue of chapter 172 of the Revised Statutes of Canada. I got the answer, as I said this afternoon, and I noticed one thing. I hold in my hand a certified copy of these bylaws which were passed on the 30th day of June, 1927. I noticed that there was an executive committee. I wonder if my colleagues would be interested in seeing that document on *Hansard*. If they are interested and if the house is unanimous about it I will give the document to *Hansard*. If not, I may read it but I do not see why I should read it at all. It is a document which should be read quietly to be understood, and hon. gentlemen will realize its importance if they read it at leisure.

Mr. Knowles: May I ask whether this is the document that was the subject of discussion this afternoon on notices of motion for production of papers?

Mr. Pouliot: No. I will tell my hon. friend what it is. It is the bylaws at the time of Sir Henry Thornton. If the hon. gentlemen prefer me to read it I will read it, and it is a very interesting document. It shows how the executive committee was formed and how the powers of the directors were transferred to the executive committee in 1927. It is the basis of the bylaws under the new administration. Those bylaws were passed four years after Sir Henry Thornton took charge of the railway, and it shows how these people were governed by their own bylaws.

Mr. Deputy Speaker: The hon. gentleman has asked that a certain document to which he has referred be taken as read and printed in *Hansard*. Before I ask hon. members for their consent perhaps I should ask the hon. member for Temiscouata if the document has reference to the principle of this bill.

Mr. Pouliot: Is it agreed?

Mr. Deputy Speaker: If the document to which the hon. member refers does not have anything to do with the principle of this bill the document is not in order and therefore would not be put on *Hansard*. I have listened very carefully to the remarks of the hon. gentleman since he started and I expected that at a certain moment the arguments he had so far advanced would prove that he was coming to the principle of the bill. So far I do not think that he has dealt

very much with the revision of the capital structure of the Canadian National Railways.

Mr. Pouliot: With due respect I will tell you what it is. The first part of my argument was very dull, I admit, but it was to establish where we are, approximately. I have been told here in the house that I could make my own research. I have made it as well as I could have without the help of an accountant of the railway. I did it myself in the library of parliament. I have not exhausted my argument, and I am just coming to the second point. The second point is that I have no objection to this bill provided the government has a certain control on the management of the railway. That is my point.

I am unquestionably in order in making that argument tonight and explaining the position. I have been very careful about it and have been proceeding step by step to inform the members of the magnitude of the problem. It is not an ordinary thing, and I have no grouch against anyone. I wish to draw the attention of the members who are here and of all my colleagues to the importance of the problem. $4,293 million is something—let us say it is only $3 billion; it is still something in 25 years. It is enormous.

My contention is that I have no objection to that refinancing provided there is a certain control by parliament on the expenditures of the railway. What I am going to show, according to the bylaws which are official, and which are countersigned by Mr. Grant, secretary of the Canadian National Railway Company, is that there was such control at the time of Sir Henry Thornton in virtue of the bylaws, and this is the document I wanted to show. It is perfectly in line with my argument.

Mr. Deputy Speaker: Is it agreed that the document appear in *Hansard*?

Mr. Applewhaite: Mr. Speaker, I think one should be consistent. My understanding is that my hon. friend proposes to put on *Hansard* an unread document which is certainly not a table of figures. With great respect to my hon. friend from Temiscouata (Mr. Pouliot), if it is in the nature of a document which requires consent before being placed on *Hansard* I have no intention of giving that consent for reasons which I outlined to this house not very long ago.

Mr. Knowles: With great respect for my hon. friend from Temiscouata, I was just going to raise the same point, but now that the member for Skeena (Mr. Applewhaite) has done it I congratulate him on his consistency.

Mr. Pouliot: I hope that my hon. friend from Winnipeg North Centre (Mr. Knowles) will not give all his congratulations to my hon. friend from Skeena for his consistency and that he will give me a little solace.

Mr. Knowles: I may tell my hon. friend that I would like very much to see the document.

Mr. Pouliot: Then I will read it. I will satisfy everybody.

Mr. Chevrier: If the hon. gentleman is going to read the document—and I gave the information to the hon. gentleman in answer to an order for return which he moved in this house—it is my opinion for what it is worth that the information he is about to read has absolutely nothing to do with the bill. As a matter of fact it has to do with the manner in which a committee was appointed in the days of Sir Henry Thornton, long before there was any question of the capital revision act of 1937 and certainly long before there was any question of this act. I say, with respect to my hon. friend, that in my humble opinion it has absolutely nothing to do with this bill.

Mr. Pouliot: Mr. Speaker, I regret to have to disagree with the Minister of Transport (Mr. Chevrier), but my idea of the debate we have before us now is that we should give more importance to facts than to the report of the royal commission on transportation; and facts are there and they speak for themselves. If I am not allowed to read this extract from the bylaws of the Canadian National Railways, public documents and part of the argument I am making now, I will summarize them. I will do so by saying that in 1927 the deputy minister of railways and canals was a member of the executive committee of the Canadian National Railways which was empowered to exercise all powers which the directors were authorized to exercise. My contention, and I say that without offence to anyone and just because I believe in control of expenditure, is that it was a safeguard for the government and for the country, as well as for Sir Henry Thornton and the management of the Canadian National Railways at that time. A representative of the government was there attending each sitting of the executive committee of the Canadian National Railways. It was a safeguard for everybody because I do not find it fair for the Minister of Transport, for the government itself and for all of us to be responsible for such tremendous expenditures when we cannot have any information about what is going on, and when we have reports that are beautifully illustrated, that may be very costly, but which mean nothing because when we ask for any information in detail

we are told that the matter should be dealt with before the committee adjourns, or things like that, as was said to me at a sitting which concluded at a quarter to seven at night. We are not at ease to scrutinize the expenditures made by the Canadian National Railways in order to protect the management, just as well as to protect the government and to protect ourselves in this matter.

According to chapter 8 of the statutes of 1945 there was an amendment to the Canadian National Railways Capital Revision Act. I can summarize it as follows: The corporation is to be known as the Canadian National Railways securities trust, consisting of five trustees, the deputy minister of finance, the deputy minister of transport, the deputy minister of justice, and such two officers of the Canadian National Railways as may be named from time to time by resolution of the board of directors of the national railways. The trustees shall serve without remuneration. The same principle was applied by the act in 1945 as was applied by the bylaws voted by the directors to create the executive committee, of which the deputy minister of transport was a member ex officio.

Therefore, sir, I shall draw my conclusion. I had something else to say. You know, Mr. Speaker, we cannot deal just as easily as that with such huge figures. This $4,293 million in 25 years represents a yearly expenditure of approximately $172 million, and a daily expenditure of half a million. It is worth looking at it. When I think of the importance that members of parliament give to some picayune expenditure for wars or things like that, small things, they seem to be indifferent to a control being exercised by parliament—not by the government alone but by parliament—over that expenditure. I say that because I am convinced that the conclusion at which I have arrived is in line with the policy of the government at the time of Sir Henry Thornton, and which was followed afterward. The war changed it, but there is no reason not to apply it again for the welfare of the railway and for good government as well as the satisfaction of the Canadian people.

Very often we hear some members of parliament insinuating that everyone who is not a member of parliament shall be given a free rein, that everyone who has not been elected by the people is a genius or a wonder. It may be true, but we are responsible for what the genius and the wonder do. We have to render an account to our people. When we are asked a question about the management of the railway by any one of our constituents or anyone we meet on the street we say, "Well, they are great men; they do not have to render account to parliament." They say, "How is that?" They would be shocked. They would not believe it. They would be astonished. What I cannot understand is the indifference of members of parliament with regard to the control that must be exercised on such huge expenditures, when they attach such importance to some minor details of administration. I do not say that in a way to criticize the Minister of Transport (Mr. Chevrier), because I have a profound admiration for him. I have known him for a long time. I know that he has a big department, and he is one of the hardest working ministers in the cabinet. He has a lot of responsibility, but let him be responsible only for the decisions he makes and let him not be responsible for the decisions that are made by others who are outside of the range of control of parliament.

I am not going to insist any more, Mr. Speaker, now that I have explained my case. I hope it is clearer than it was at the outset, when I had not completed my argument. I am very serious about it, and I have spoken about it to some of my friends down home and here. They said that it was pure common sense. How is it we cannot have these regulations for which I asked this afternoon? Time will tell, and I hope I shall get them so we can make a comparison with the past. I hope the government will not be shy in tabling these bylaws, because legislation was passed in 1945 which was precisely in accordance with the bylaws that were passed by the directors to transfer their powers to an executive committee of which the deputy minister of transport was a member. It is precisely because I have great confidence in the minister, and great confidence in his deputy, that I hope that in a short time the deputy minister of transport or anyone chosen by the minister will be a member of the executive committee of the Canadian National for the common good.

Mr. J. M. Macdonnell (Greenwood): I shall be very brief, Mr. Speaker. If this matter goes to a committee, that is one reason for being brief. The other reason is that we have already discussed it at some length, and a third reason is that we are agreed on the principle of this measure. The only thing we are trying to do is make sure it carries out the purposes which are intended. We have already pointed out that we feel the operating officials of the Canadian National Railways should have some relief from the burden they are carrying. It may not be amiss, having regard to something that was said earlier in the evening, to say that even in the representations made by the Canadian Pacific Railway before the Turgeon commission there was a most generous reference to the operation

of the Canadian National. I shall read a sentence from page 185 of the commission report, and this refers to the representations of the Canadian Pacific:

> It believes that the present management of Canadian National has achieved a high degree of efficiency in the operation of the railways committed to its charge. Any measures designed to provide an incentive to continued and increasing efficiency on the part of the Canadian National or any other railway are desirable.

That is true and we can accept it. On the other hand there is a question of being realistic about this matter, and of not taking off more of the burden than need be. The real question in my mind is this. This is the second major operation. There was a major operation in 1937, which I think we might all say was not a good year to make the change because we were still just struggling out of a depression. One looks at what was done then with respect, therefore; but now we have had a succession of what I think must be called good years. We come now to 1952, and I think it is very important that this second major operation, if possible, should do the job and that we should not have another hanging over us. It is with that thought in mind that I want to raise one or two points, though they may be gone into in more detail in the committee. The first thing I want to raise is a question which has already been raised by my colleague, the hon. member for Vancouver-Quadra (Mr. Green). This being a subject which is quite uncontroversial, and a matter in which we are all aiming at the same thing, I am going to consider myself free, if necessary, even to differ a little bit from my colleague on details. We are all trying to get to the same point. There are various questions to which we are all trying to get the right answer.

Mr. Chevrier: I hope that means that the hon. member is agreeing with us.

Mr. Macdonnell (Greenwood): Oh, he did not disagree with you. The point I want to make is this. We are forgiving a large part of the debt, namely $736 million, through the instrumentality of a large issue of preferred stock. The common stock is put on the books at a value of $396 million. Altogether this makes a total of $1,132 million. The thing that bothers me a little bit is this. From one point of view it may not matter much, when we have the position of both proprietor and creditor, whether in fact we accept the advice of the Turgeon commission and turn this approximately $337 million into income bonds or whether we turn it into stock. From one point of view it does not matter a great deal. But I am a little bit troubled at the thought that we are setting up the appearance of an equity of $1,100 million in an enterprise whose earnings we are not quite sure will be substantial or which, as far as we can see, will not be sufficient to warrant a capitalization of anything like that amount. I am not going to press the point. I merely raise it. I think it is of some importance. No doubt it has been carefully considered.

The second point I want to raise is this. It seems to me that, in one way, we are to a certain extent beaten before we start because we are not dealing with the whole problem. For example, the minister told us tonight that the Sydney and Port aux Basques ferry service was to be left out and dealt with separately.

There is just one other point I want to make, and I think that is all I need detain the house with tonight. It is with regard to section 6, which provides an amount equal to 3 per cent of the gross revenues of the national system; and the amount realized is to be used for additions and betterments. Three per cent of the gross revenues would be something like $18 million, between $18 million and $20 million. The question I am raising is this; and, as I say, it may be gone into more carefully in the committee. Has that figure any real relation to the actualities of the operation?

I have here the statutes of 1950-51 and of 1950, and I just read the amounts appearing in the statutes passed for Canadian National Railways purposes. I am going to read the amounts for additions and betterments and also the net amounts for new equipment. First of all I read from the statutes of 1950: Additions and betterments, $30,872,000; new equipment, a total of $36,698,000 less $26 million which was financed separately, leaving a net of $10,698,000. That is roughly $40 million in that year. In the following year additions and betterments were $37 million; and in that year apparently the amount for new equipment—I have forgotten the exact reason—was considerably larger, namely $56 million. There may be figures that lessen that amount. Maybe I am not putting the problem quite accurately; but at any rate I am raising this point in connection with this figure of 3 per cent of the operating revenues which is the amount, under section 6, that apparently is considered necessary to give the railways, you might say, a working start. If actually that is not going to give them a start and if we are still going to have large amounts under the statutes year by year, then I again raise the question whether this operation is really doing the job.

I am not going to take more time tonight, Mr. Speaker; we shall have another chance to discuss this matter when we go into committee. I want to say again that, like every serious person who has looked at this matter,

I recognize the need for giving relief. My remarks are wholly addressed to the question I raised at the outset, namely whether this second major operation is a successful one. I think I agree entirely with the objective which the minister has in view, namely that of giving the amount of relief which he suggests. I think the only point for debate is as to the techniques that are used to reach it.

Mr. Deputy Speaker: If the minister speaks now he will close the debate.

Mr. Chevrier: Mr. Speaker, there is not much that I can usefully add to this debate at this time; but first I should like again to express my gratitude to those who have taken part in this debate for the constructive remarks they have made with reference to this not too easy to understand piece of legislation.

I stated earlier on the resolution, and I repeat it now, that the formula advanced by the government in the bill is, to my mind, far simpler, far more practical and, I think, far more useful to the railway—and I say this with great deference—than the one which was recommended by the royal commission on transportation. After all, what we are seeking here is to grant to the Canadian National Railways relief from fixed charges. I think we have gone a great distance in doing that.

Mr. Macdonnell (Greenwood): May I just ask the minister a question? I should like to ask the minister to bear in mind that my only question was as to the income bonds which of course are not fixed charges.

Mr. Chevrier: I was not dealing with my hon. friend's question; I was speaking generally. Then I thought I might take just a few minutes to deal with some of the points that were raised. I was saying that in this measure we have gone a great distance to grant to the Canadian National Railways relief from their fixed charges and to bring them to a position not on a parallel with that of class I railways of the United States or with that of the Canadian Pacific Railway, for that matter, but to bring them on a more comparable basis.

I do not think it was the intention of the royal commission, by the formula which they recommended, to put the Canadian National Railways forever and a day in the position that they would never again have deficits. Neither is that the intention of this formula. The intention of this formula is to lessen the charges, to give more incentive to railway management and railway employees, and to encourage the railway to earn greater gross revenues. If that can be done, then a position should be arrived at which would free the Canadian National Railways from these large deficit operations. We are proceeding to cancel the $736 million of the total indebtedness of the company, and in exchange therefor we are taking the preferred stock. We have postponed the payment of interest on $100 million for a period of ten years and of that amount of principal for a period of twenty years. We have included, or will include, in the estimates of the Department of Transport an item to cover the deficit operation of the Port aux Basques-North Sydney ferry service. That is going some distance. But it is argued by the hon. member for Vancouver-Quadra (Mr. Green) that it is not going far enough. Why do we not wipe out the $100 million altogether? Well, the government considered both the formula of the royal commission and the formula of the interdepartmental committee, and decided in favour of the latter. I think the royal commission would not have brought down the recommendation which it did, so far as a reserve for something to come and go on is concerned, had the government at that time decided to charge the Canadian National Railways with the payment of income and corporation taxes. When the royal commission brought down its recommendation on the reserve for something to come and go on that decision had not been taken, and they were not aware of it. It was discussed, I believe, at the time the financial administration bill came down, wherein most crown companies are placed in the same position as the Canadian National Railways.

I have been asked to explain why the change was made from a reserve to the 3 per cent of gross revenues. Well, the answer to that is what I have said already concerning the income tax, and also what I said in my statement, that the real objective the royal commission was seeking was the establishment of a principle that some portion of the annual capital expenditures for additions and betterments should be financed without adding to the fixed interest-bearing debt of the railway. If you take 3 per cent of the gross revenue it amounts to $18 million or $19 million, on the figures of 1951. But to that you must also add another $16 million for depreciation which the railway writes off and has the use of during the course of the year. It runs you up to $35 million or $36 million.

Then there is also the question which the hon. member for Vancouver-Quadra (Mr. Green) raised, that under the royal commission's recommendation the railway would have had incentive to earn a larger amount. Well, the position is even better now because

if I could establish, and unfortunately I cannot, a dollars and cents application of the royal commission's recommendations and those of the formula as included in the bill I think I could show that the position under this bill will be better for the Canadian National Railways in the long run than it would have been under the recommendations of the royal commission. Will there not be —and I submit with deference that there will—a greater incentive to increase the gross revenue of the Canadian National Railways so that the 3 per cent of gross revenues will be a larger figure to the railway for additions and betterments?

Then the hon. member for Vancouver-Quadra seems to think there is no reserve here at all. If he looks at section 6 (3) of the bill he will find that there is provision for a special account, and it is labelled a special account; and in a sense that is a reserve.

Mr. Green: That is the whole of the 3 per cent, is it not?

Mr. Chevrier: Yes.

Mr. Green: Paid by the government into that account?

Mr. Chevrier: Yes, but it is in essence a special account and a reserve which is being established, because you must compare that reserve with the recommendation of the royal commission for something to come and go on, and if you put the two in juxtaposition I think you will find that the benefit which comes from the formula under this measure is more satisfactory.

Mr. Green: Is it not a case of one being a payment direct from the government and the other a reserve from accumulated earnings?

Mr. Chevrier: Yes, it would have been. But if you take into consideration the fact that the Canadian National Railways will hereafter have to pay income tax, then the amount to be received by the Canadian National Railways under the bill is larger, in my opinion, than it would have been under the recommendation of the royal commission.

Some statements were made by the hon. member for Temiscouata (Mr. Pouliot) that unfortunately I cannot let go by without answer. My hon. friend said the total amount involved in this measure was $1,400 million by way of relief. That is not so. The amount under this bill, as I said earlier, is $736 million. That is cancelled, and payment of $100 million is postponed. There is no $1,400 million.

Then my hon. friend proceeds to make it up by quoting section 13, the latter part of which says that the amount on the books of the securities trust shall be $378,518,135.02. That, as the house knows, is the amount which was established as the value of the capital stock of the Canadian National Railways securities trust away back in 1937, plus the amount that has been accumulated on it until this day. That is not being wiped out. That is just the value placed on the shares of the securities trust, and the amount which my hon. friend quoted under section 10, namely $396,518,135.02, is simply $18 million added to the amount under section 13 (3). Eighteen million dollars is the value of the one million shares of the Canadian National Railways, no par value. Therefore these two amounts which have been referred to are not being wiped out at all, nor being cancelled. They have nothing to do with the cancellation of the indebtedness.

My hon. friend says that it makes a grand total of $4,293 million of benefit which the Canadian National Railways have received. I am unable to agree with that, and I must say to him respectfully that under the 1937 capital revision act $1,218,642,195.27 was cancelled, and under this legislation the amounts I have mentioned.

May I take just one more moment to deal with the point raised by the hon. member for Greenwood. I do not think there will be any difference in so far as the accounts of the railways are concerned after this legislation goes into operation from what it was before, because prior to this act the government had in its hands about $780 million of securities through the Canadian National Railways securities trust and the Canadian government railways and the like. After this goes into effect it will have as equity capital $1,517,000,000. That is a little more than my hon. friend stated, but that will be simply because of the transfer of the $736 million which is being cancelled and for which shares of preferred stock of the Canadian National Railways are being taken in exchange, so that all of this the government had before as security either in the form of notes, loans or bonds from the Canadian National Railways. Therefore nothing is being changed, and from the point of view of the public accounts there will be no change in the active assets of the government. The only difference will be in the wording or in the phraseology that will appear opposite these active and non-active assets in the public accounts. I do not think I have anything more to add, Mr. Speaker.

Mr. Fleming: Will the minister permit a question?

Mr. Chevrier: Yes.

Mr. Fleming: In the view of the minister does the bill purport to be the final solution of this long-standing problem of the Canadian National Railways debt and capitalization? Is it put forward as a final solution of the whole problem?

Mr. Chevrier: I am sure my hon. friend does not expect me to give him a satisfactory answer to that question, because if he will read section 6 of the bill he will see that provision is made for a review of the position after the year 1960. In any event, to summarize the answer for my hon. friend I would say this, that the proposal now before the house is a measure granting relief to the Canadian National Railways at this time. Whether or not it will be necessary to grant additional relief I am not in a position to say. However, if my hon. friend will look at the 1937 act he will realize that it was some considerable time before additional relief was granted. It might not be necessary in the future, because of these provisions, to grant additional relief. But if it is necessary—well, I think the government will have to consider the position as it then stands.

Mr. Knowles: This bill will put the Canadian National Railways in the black, so far as current operations are concerned?

Mr. Chevrier: Well—

Mr. Deputy Speaker: I should remind hon. members that we are not in committee. The minister has used his right of reply. The hon. member for Eglinton (Mr. Fleming) has asked a question to which the minister gave an answer. Now the hon. member for Winnipeg North Centre (Mr. Knowles) is asking a question. May I suggest that questions be asked in the committee on railways and shipping.

Mr. Graydon: But it is very interesting.

Mr. Deputy Speaker: The measure will be returned to this house when it is reported by that committee, and at that time also questions could be asked. Therefore I do not think they should be asked at this time.

Mr. Chevrier: May I answer the last one?

Mr. Graydon: The minister will close the debate.

Mr. Chevrier: I am told I should not answer because I would be out of order.

Mr. Green: Go ahead.

Mr. Fleming: Don't pay any attention to Alphonse.

Mr. Chevrier: In that case, Mr. Speaker, I move that the bill be referred to the committee on—

[Mr. Chevrier.]

Mr. Knowles: No; you are out of order now. It has not yet been given second reading.

Motion agreed to, bill read the second time and referred to the special committee on railways and shipping owned, operated and controlled by the government.

SUPPLY

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

POST OFFICE DEPARTMENT

311. Departmental administration, $1,118,455.

Mr. Graydon: Mr. Chairman, I understand the minister has a long and involved statement to make, covering all the activities of his department. I hope he will now avail himself of this opportunity to make that statement.

Hon. Alcide Cote (Postmaster General): Mr. Chairman, I appreciate the kind invitation of my hon. friend. I have known that he was interested in mail couriers, and probably that is why he has insisted upon having this statement. Perhaps I should say that this is a matter in which the department has been interested for a long time. As a matter of fact we have been working on it since the beginning of the session. A special departmental committee has been formed in the hope that we may be able to give further study to the whole question.

Many hon. members on both sides of the house have asked for a special committee of the house to deal with this matter. I am sorry to say that, as a result of circumstances, it is impossible to have the committee set up at this session. I may say to my hon. friends, however, that I would welcome the setting up of such a committee, and I would hope that at the next session this whole matter may be placed before a committee of that kind for further study. We would welcome any suggestion which would help to give further direction in this matter.

Mr. Fleming: A good start; keep it up.

Mr. Cote (St. Jean-Iberville-Napierville): So far the only way to let contracts is through tenders. By that method the contractor would make the selection. We have given thought to the principle of prevailing rates, and I suggest that is a matter worthy of some further study. It is possible that the best method would be found in a modification of both, embracing a combination of the principle of tenders and of prevailing rates. However, this would be for the members of the committee to decide.

Then the Post Office Act passed last year placed power in the hands of the minister in respect of amounts up to $1,000. As a result he could make readjustments after one year of service. This too is a matter the special committee could consider. As a matter of fact the whole question will be given to the committee. Let me add that those of us in the department do not pretend to have a monopoly on wisdom, and would welcome any suggestions which would have the effect of bringing to the department an easier solution of these problems.

Mr. Graydon: May I suggest that the minister have prepared an illuminated address of what he has just said to the effect that, as a minister, he does not claim a monopoly on wisdom in the House of Commons, and I would suggest that such address be circulated among the other eighteen members of the government.

Mr. Fleming: A noble example.

Mr. Graydon: I am sure it would have a salutary and stimulating effect, if it is not too late. I believe all hon. members will welcome the suggestion respecting the appointment of a committee to study the problems of rural mail couriers, problems that have engaged the attention of hon. members from rural parts of Canada over a number of years. Year after year the suggestion has been made that a special committee be established to study the problem. To tell the truth I never could see any valid reason why previous ministers have declined a study of that kind. I know they had what they thought were valid reasons for refusing, but the explanations they gave to the House of Commons never seemed to satisfy anyone. They seemed to have the idea that all wisdom was confined to the department.

The minister's statement this evening ought to clear the air in that respect. When the committee meets it will have the opportunity of hearing some of the couriers themselves give firsthand information about their problems. I am one who from time to time both publicly and privately has indicated the belief that the problems connected with rural mail couriers were about as difficult as any found in parliament. It has been my belief for some time that the proper way to handle the matter was to place it before a committee which would have authority to hear from all interested parties, including the patrons on the routes. I am hopeful that the committee to be set up will give careful and detailed study to the problems that have arisen.

While I am on my feet I would make one further appeal to the minister, who seems to be in an open-minded mood. I refer to a problem that particularly affects districts such as the one from which I come. In many parts of Canada today population changes have been rapid, and the complexion of certain areas has turned from rural to city or suburban. When I first entered the house we had a population in my constituency of approximately 28,000 people. The census will show that this population has doubled in numbers. In other words there are about 56,000 people in the county of Peel now, and a great portion of them are in the southern end of the constituency. That has brought about great problems with respect not only to rural mail service but also other services. Many people who have come from the large, concentrated and well-developed urban areas, particularly the cities, are anxious to have something at least approaching the kind of services they have been accustomed to all their lives. That has created problems of course for the municipalities and the county, and they have attempted to solve them as quickly as conditions would permit. I may say that the period of readjustment in most of these places has been fairly satisfactory.

However, so far as the mail courier system and the post office service is concerned, there has been a great deal of trouble in keeping abreast with changing conditions. I think I appreciate the problem of the Post Office Department because the changes have come about very rapidly and of course it has been difficult to adjust their organization overnight to take care of them. The necessity has developed for an intervening area of service between the strictly rural mail route where stops at rural mail boxes are a long way apart and it is necessary to travel a considerable distance in order to service them, and the actual postal letter delivery service to the door. Between those two services there is a very great and difficult area that has to be considered. I understand that in the United States they have attempted from time to time to bridge that gap by a sort of suburban delivery which is more or less a combination of rural mail service and postal delivery service.

I am not sure that it has worked satisfactorily in the areas in which it has been instituted, but I do think the Post Office Department should not wait for petitions from people who want to be served. So far as possible I believe the federal government should make periodic surveys of these rapidly changing areas with the hope that in some of them in any event the surveys will show the need for a postal delivery service such as is provided in the larger cities. I know the arguments that can be raised against that proposition. There is the question of the

numbering of streets, the type of sidewalks and roadways and many other problems.

Nevertheless I do not think the Post Office Department can very well postpone the solution of the problem much longer, because in one section of my constituency that I know very well a rural mail courier coming up the centre road north of Port Credit toward Cooksville has to try to service at one stop literally a forest of posts with rural mail boxes on them. At one stage it was so bad that the safety of the area was endangered. If I may, I should like to pay a tribute to the Postmaster General and his staff with respect to a part of the area of south Peel. After recommendations made by organizations and myself as the federal member, the Post Office Department instituted a survey in the southern end of the county of Peel which takes in Port Credit and parts of Toronto township. I understand from a newspaper report that appeared in the press only last Thursday that those who made the survey have reported favourably with respect to a postal delivery service in that area. I want to point out to the Postmaster General that according to the news item it would appear that the survey was perhaps much more limited in its scope than we had hoped because the whole area that includes Port Credit, Lakeview and other parts of Toronto township is now to all intents and purposes a city.

I am hopeful the Postmaster General will see to it that that whole area of south Peel is given a postal delivery service as soon as it may be possible from a practical point of view. I am not making these criticisms in anything but a constructive way. I assure the minister that from personal knowledge of the circumstances and conditions of the area I know that a postal delivery service is very badly needed. If there is any delay it will cause inconvenience, which I think should be avoided if possible, to those who have come there in such large numbers to make their permanent homes in that most favoured part of Canada.

Mr. Cote (St. Jean-Iberville-Napierville): I might say to my hon. friend that as a matter of fact we do make surveys and endeavour to determine the best way to give service. I might add that he need not despair because in the estimates for 1952-53 we are giving active consideration to the establishment of a letter carrier delivery service in the following cities and towns during the fiscal year: Port Credit, Lakeview, Ontario, twelve letter carriers; Prince Rupert, B.C., six, Renfrew, Ontario, and so forth. Therefore the locality the hon. member has just mentioned is actually under study, and we are trying to solve the problems he has mentioned in the house.

[Mr. Graydon.]

Mr. Fleming: Would the minister make some comment to the committee with respect to the anticipated revenues this year? I note that at page 371 there is a figure of estimated revenue for the past fiscal year. Can the minister give us the best estimate the department has been able to make of the anticipated revenue for the present fiscal year?

Mr. Cote (St. Jean-Iberville-Napierville): As far as I can see here, estimated revenues are $122,266,674.65, but all the returns are not at hand yet.

Mr. Fleming: I can appreciate it is the best estimate the department is able to make at the moment.

Mr. Cote (St. Jean-Iberville-Napierville): Yes.

Mr. Fleming: That appears to indicate an anticipated increase of about $18 million over the revenue for the fiscal year 1951-52.

Mr. Cote (St. Jean-Iberville-Napierville): Excuse me; I might make a short statement on that. The operations for the fiscal year 1951-52 just closed resulted in a continued expansion of the service both as regards volume and revenue. The revenues were helped by the increased postage rates which went into effect during last year. The increase in rates helped to meet the increased costs of transportation and increased salaries to employees. The revenue for the past fiscal year reached a total of $122,260,000. Expenditures were also higher, amounting to almost $115,630,000, thus indicating a "paper" surplus on the year's operation of $6,630,000. On a basis of commercial accounting, that is taking credit for services rendered such as franking, savings bank, etc., and charging ourselves with the cost of buildings provided by the Department of Public Works, and other such features, the surplus on the year's operation would be approximately $1,250,000.

From this it will be seen that the Post Office Department is operating within its revenues, which is our aim and object, and turning back into service any surplus we make from time to time.

The Chairman: Shall the first item carry? It appears to me that the general discussion in this department will be mostly on operations. There is not very much here, apparently.

Mr. Fleming: There are some more questions, Mr. Chairman.

Mr. Graydon: A good try.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will proceed with the following bills and resolutions: First, Bill No. 305, respecting immigration; the resolution of the Minister of Labour to amend the Unemployment Insurance Act, 1940. We debated that last week but did not complete the debate. Then we shall take up the resolution in the name of the Minister of Resources and Development to amend the Northwest Territories Act; the resolution of the Secretary of State for External Affairs to amend the International Boundary Waters Treaty Act; the resolution of the Minister of Veterans Affairs to amend the Army Benevolent Fund Act, 1947; then Bill No. 306, an act to amend the Combines Investigation Act and the Criminal Code.

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

HOUSE OF COMMONS

Tuesday, June 10, 1952

The house met at three o'clock.

BANKING AND COMMERCE

Fifth report of standing committee on banking and commerce.—Mr. Cleaver.

REFERENCE OF CERTAIN ESTIMATES TO COMMITTEE OF SUPPLY

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I move:

That votes 420, 421 and 557, of the main estimates for 1952-53, approved and reported upon this day by the standing committee on banking and commerce, be referred back to the committee of supply.

Motion agreed to.

REPORTS OF COMMITTEES

Third report of standing committee on marine and fisheries.—Mr. Ashbourne.

Second report of special committee on redistribution.—Mr. Viau.

BRITISH NORTH AMERICA ACT

AMENDMENT TO READJUST REPRESENTATION IN THE HOUSE OF COMMONS

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, if I may refer for a moment to the report on redistribution which has just been presented by the hon. member for St. Boniface (Mr. Viau), we did not ask the Clerk to read the report because it contains the legal description of some 97 constituencies on which the committee has so far been able to agree. It also further recommended to the house a course of action with respect to the presentation of two bills, first a bill to amend the British North America Act to provide for the new rules as indicated in the motion setting up the committee; and second, a representation bill which would have in it the various schedules of constituencies as decided upon.

I am asking leave of the house now for permission to introduce a bill in the form recommended by the committee in its report. I should add that the purpose of this request is to enable us to have the bill printed tonight and available tomorrow, rather than have it printed tomorrow and available the following day, so that members may see the procedure we have in mind and will have more time to consider the bill. I might add that the report this morning received the unanimous approval of the members of the committee, subject to certain reservations which they made as to the course they would adopt in the house when the bill was presented. I hope to have leave to introduce this bill now.

Mr. George A. Drew (Leader of the Opposition): In consenting to the introduction of first reading of this bill without the customary notice, Mr. Speaker, it is to be understood that this is simply for the purpose of facilitating the redistribution procedure upon which the government has decided, and to which objection has been taken on behalf of the members of this party. Consent to the introduction of the bill at this time is without prejudice to the position that we have taken at various stages that the provinces should be consulted in regard to the details of redistribution.

I place that on record at this time so that there may be no interpretation that, in consenting to this as a matter of procedure, we consent to the general course that is being followed.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I thank the Minister of Citizenship and Immigration (Mr. Harris) for making it clear that we are consenting to the introduction and first reading of this bill today without prejudice to our right in the house to take a position similar to the one that we took in the committee. I have in mind the particular stand I took this morning, which is totally different from that of the leader of the opposition (Mr. Drew). On those terms we are prepared to consent to the introduction and first reading of this bill at this time.

Mr. Harris (Grey-Bruce) thereupon moved for leave to introduce Bill No. 331, to amend the British North America Acts, 1867 to 1951, with respect to the readjustment of representation in the House of Commons.

Motion agreed to and bill read the first time.

REPORTS AND PAPERS

POLYMER CORPORATION LIMITED—CROWN ASSETS DISPOSAL CORPORATION

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I wish to lay

on the table the annual report of Polymer Corporation Limited for the year ending March 31, 1952, and also the annual report of the Crown Assets Disposal Corporation for the year ending March 31, 1952. Copies of the Polymer report will be available at the distribution office after tomorrow, and copies of the crown assets report will be at the distribution office as soon as the report can be printed.

THE DUKE OF EDINBURGH

REFERENCE TO CELEBRATION OF BIRTHDAY

On the orders of the day:

Mr. Jean François Pouliot (Temiscouata): Yesterday, Mr. Speaker, the guns roared on the occasion of the birthday of Her Majesty the Queen. They roared today, and I inquired from the Department of National Defence what the reason was and I should like the minister to tell the house.

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, in answer to the hon. member for Temiscouata I might say that this is an occasion which has not occurred for a good many years. The guns roared in celebration of the birthday of the consort of the reigning sovereign, as the regulations call for a twenty-one gun salute on that occasion. I am asked to add that the Prime Minister sent a message of congratulations to the Duke of Edinburgh.

POTATOES

REASON FOR HIGH PRICES

On the orders of the day:

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): Yesterday, Mr. Speaker, the hon. member for Cape Breton South (Mr. Gillis) asked a question about potato prices, and why they were so high. I shall endeavour to give an answer. On May 31 of this year the storage holdings of potatoes totalled only 723,000 bushels, whereas a year ago they totalled 3,489,000 bushels. The surplus this year is very small as compared to last year. A short time ago the United States removed the price ceiling from potatoes, so the small surplus we had went to the United States and paid the 37½ cents per hundred pounds tariff.

It will not be long before new potatoes are available; in fact they are available now in the United States.

[Mr. Howe.]

LIVESTOCK

SUPPORT PRICE—APPLICATION IN BRITISH COLUMBIA

On the orders of the day:

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): Yesterday a question was asked by the member for Vancouver-Quadra (Mr. Green) as to why no support price was being applied to cattle originating and sold in British Columbia. The Prime Minister said that an answer would be available today.

I wish to assure the hon. member that there is a support price for British Columbia, but as British Columbia is a deficiency province and only produces a small percentage of what they consume it has not been necessary for the board to step in and buy meat in that province to send overseas. If the hon. member can tell me that a surplus of cattle is being offered in the market, and the producers are not receiving the support price, I will immediately investigate any case he brings to my attention and see that the producers receive the support price.

IMMIGRATION ACT

AMENDMENT TO CONSOLIDATE AND CLARIFY—TO PROVIDE FOR LOANS TO IMMIGRANTS, ETC.

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved the second reading of Bill No. 305, an act respecting immigration.

Mr. Drew: Is the minister going to make a statement?

Mr. Harris (Grey-Bruce): Mr. Speaker, this bill is the first revision since 1910 of the Immigration Act. It retains the principles of the present act and modernizes those principles. If passed, it would enable this department to function more efficiently and effectively in the light of present-day conditions. I shall speak only of the new proposals, although there are additions and extensions to many of the present sections.

The bill provides for the definition of those persons who are by law entitled to enter Canada, that is those who are Canadian citizens and in most cases those who have Canadian domicile. It deals with those who are not entitled to enter but are in what is known as prohibited classes. This follows the pattern of the present act which defines those admissible as of right and those prohibited, and vests in the governor in council authority to make regulations for the admission of others.

In the section dealing with prohibited classes there is a comprehensive definition of

those engaged in subversive activities. These persons are not admissible, nor is a person, unless the minister authorizes it, who has Canadian domicile and who engages in activities prejudicial to any action taken by Canada under the United Nations charter, North Atlantic Treaty Organization or other similar instruments for collective defence. Dealing still with prohibited classes, there is a modification of the rules now having to do with persons who have committed a crime involving moral turpitude. I indicated during previous discussions that we were considering a relaxation of this rule so that the minister might have authority to admit someone who had made a mistake, had paid the penalty and had rehabilitated himself and who had an otherwise good record. The house knows of instances where the application of the present rule has resulted in the separation of families with results not entirely desirable. We believe that absolute prohibition against admissibility under those circumstances should be modified.

Our suggestion is that we might admit a person who has had a clear record for five years if the conviction occurs after 21, or two years if before 21, if he has rehabilitated himself. We have also provided for the kind of case mentioned by the hon. member for York West (Mr. Adamson) in the preliminary stage of this bill, namely the person who, arriving in apparent good health, becomes ill of a disease which would bar him if he were seeking admission. Deportation will not now be mandatory in these cases.

There is a provision repealing a section of the Opium and Narcotic Drug Act. That section provides for the deportation of addicts or other persons engaged in the unlawful use or sale of drugs. In a somewhat different form it will now appear in the Immigration Act.

During the discussion last year on the loss of citizenship the question arose about the loss of domicile. I think hon. members know that domicile confers some rights for admission into Canada. We have provided that a Canadian citizen by naturalization shall lose his Canadian domicile if he ceases to be a Canadian citizen by reason of voluntarily acquiring the nationality or citizenship of another country or if he, having dual citizenship, serves with the armed forces of another country against Canada, or if he in war has committed certain other acts in communication with the enemy or by reason of having shown himself disaffected or disloyal to Her Majesty, or by having resided for more than two years in the country of which he was a citizen or a national prior to his becoming a Canadian citizen.

There is a group of people who have been in Canada without status for some time. As the house knows, under the present act the minister has authority to admit anyone by permit for a period of a year and these permits are renewable yearly. This authority has been used sparingly by successive ministers and the non-immigrant never does attain the status of a landed immigrant. It is proposed that the minister may have the authority to grant permanent landing to any person in this group who has been here for ten years or more, if the landing would not be dangerous to the public health, or contrary to the public interest. These are persons, as a rule, who have been admitted despite mental or physical infirmities as members of a family and are being looked after by the family concerned.

Recently a question was asked in the house with respect to a gentleman who had been in jail for some time pending deportation. At the time I was asked if there had been any incompetence on the part of this department, and I answered no, which was the proper answer because all the steps which were taken in that case to effect deportation were taken in accordance with the act. Nevertheless I am free to confess that the situation was not very satisfactory and in the bill, which was under preparation prior to that particular incident, we have made provision for one method of eliminating the delays which sometimes occur in effecting deportation. These delays occur in a number of ways, both at the ports of entry and within Canada, and it is our desire to make it possible to effect deportation at the earliest possible moment, especially at the request of the person concerned.

The present procedure is that the person concerned must be examined by a board of inquiry consisting of three officers, and there is an appeal to the minister. We recognize that this is an opportunity for the minister to exercise his judgment in the light of what he thought parliament would expect him to do; and I am satisfied that all my predecessors have exercised that authority in that manner. But there is no doubt that this procedure has caused delays, and delays which have in some cases been costly to the person concerned. We are, therefore, proposing that the board of inquiry shall now consist of one person, because in this way we can in some cases convene a board of inquiry sooner, and that the appeal be taken to an immigration appeal board which will

be available at the busier ports of entry. This board will consist of three members and will share the authority of the minister. The appeal to the minister is not taken away; it is merely that there is a board which can exercise his authority. The minister may ask that any case be referred to him, and the board may refer any case they choose to the minister. We are satisfied that decisions can be reached much sooner by this method.

It may be asked what advantage there is if the minister may reserve cases to himself, and the answer is that until the procedure works reasonably well, the minister should keep control of it. If it does not fulfil the expectations of parliament, the minister can continue to function on appeals as now. In the committee which will be set up if this bill is given second reading, we shall produce details of delays and it will be for the committee to decide whether the delays are serious and whether they can be overcome by the method we have suggested.

There are two classes of persons who appear at our border points seeking admission and with respect to whom there are special provisions. One has to do with persons coming from the United States, St. Pierre and Miquelon, and Alaska. The act does not permit us to return the person whence he came pending a decision on an appeal from a decision of the board of inquiry. In other words, the strict letter of the present act requires that if a person enters at a border point, he shall be kept there in detention, or out on bail, pending a decision of the minister on his appeal from his rejection at the border. As I have already said, these appeals sometimes take time, and we have provided that we may return the person to the place whence he came pending a decision on his appeal. On occasions, too, we have persons appear at the border points who are ill, and are not able to answer the questions which are asked of them. At the moment, we are obliged by law to reject them, which in itself brings with it an automatic rejection the next time they apply. This appears to be too severe, and we seek authority to detain them until their temporary illness has passed and then deal with their cases, or to return them without a decision which would prevent their reapplying.

There are a number of duties of transportation companies set out in the present act; some have been eliminated, others retained and others defined. A company may by the bill deposit a bond for the transportation of any person whom they are obliged to transport back to his place of origin. There is a provision for the recovery from the responsible transportation company of the costs of deportation where the deportation can take place other than by the means of the transportation company concerned.

There is a provision whereby the minister may purchase uniforms and pay the full cost thereof, which at the moment is not the case. This will put members of the immigration department on the same basis as other officers such as those of the Department of National Revenue, customs division.

As I explained the other day at the resolution stage, there is authority in the bill for the lending of money to immigrants to cover their cost of passage which is now authorized by the estimates. Similarly, as I explained, there is authority for the expenditure of money for deportation in certain cases of hardship; and there is a provision to cover offences and penalties generally, and including offences which may be committed abroad in connection with dereliction of duty on the part of the officers of this department and others.

The house will note that I have confined myself to the bill. I hope I have not left the impression that there are not other changes than those I have mentioned. But I have mentioned what I consider to be the major changes, and I repeat what I said at the resolution stage, namely that if this bill receives second reading, we shall move that it be referred to a committee. I am sure that the committee will be able to improve the bill. In fact, we already have amendments to suggest and I know that others will have some.

I conclude, therefore, by asking the house to give second reading to a bill designed to consolidate the Immigration Act and to vest in the department, the minister and the governor in council in some cases, up-to-date powers to deal with problems which are faced by all countries who choose to keep their borders from being entered by undesirable people, or to eject them if they succeed in entering by stealth or fraud.

According to the last annual report of this department tabled in the house, well over 40 million people passed through our ports of entry, immigrants and non-immigrants, in the fiscal year and all these had to be checked and passed by the immigration staff.

I should like to pay tribute to the staff who have been, I believe, uniformly courteous and tactful and who have been receiving the immigrant and the visitor in a manner intended to convey as favourable an impression of our country as possible without neglecting the duties laid upon them by parliament.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, it is obvious that two factors have an important bearing upon the nature of the debate which might be held at this particular time. The one relates to the procedure proposed, namely that following second reading this bill be referred to a select committee of the house for further study. The other relates to the scope to be allowed with reference to discussion of questions of policy in regard to immigration.

When the resolution preceding this measure was before the house last week the minister urged that the house defer discussion on immigration policy until his estimates were before the house in committee of supply, and that the house should confine itself, both at the resolution stage and on the present bill to discussion in general as to the desirability of consolidating the Immigration Act and other matters pertaining to the structure of our machinery in the department and in connection with immigration generally.

The house did comply with the request of the minister at the resolution stage, Mr. Speaker, and I gather that the minister is making the same request today, and he has so indicated. I, for my part, am prepared to comply with that request and to defer observations in regard to immigration policy until the minister's estimates are before the house. In saying that I think I might fairly reiterate what I tried to say on the resolution stage, namely, that this subject of immigration is of such great importance that before the house prorogues at the conclusion of this session there should be opportunity for a thorough discussion in the house with regard to immigration policy. With the assurance that that opportunity will be provided when the minister's estimates are before the house, I propose to confine myself to the bill without trespassing on the field of policy, and in doing so, Mr. Speaker, I shall be brief.

The reason one can be brief on a matter of this kind is that there can be little question that it is desirable that the Immigration Act should be consolidated and reviewed; and since a committee is to be appointed for that purpose I am sure there will be ample opportunity for the committee to conduct a searching review of the bill.

I think it should be clearly understood, Mr. Speaker, just what the house is doing in giving second reading to the bill. Having regard to the fact that the bill is to go to a special committee, and that the principal work of the house in reference to this bill will be done in that committee, there should be a clear understanding in the house now as to the effect of giving second reading to the bill, if the house does give that second reading and thereby approves the principle of the bill. I ask, Mr. Speaker, that it be clearly understood that in so doing we are giving approval to the principle that there should be a consolidation of the Immigration Act, and that in the committee there will be the most complete freedom of expression of view on any section of this bill, without being trammelled by the adoption of the bill by the house and its approval on second reading. I think the minister can give us that assurance; it will help to curtail discussion now.

Mr. Harris (Grey-Bruce): I do that.

Mr. Fleming: Thank you. On that basis I submit that the principle of this bill should be endorsed by the house.

As the minister has indicated, there has been no effective revision of the Immigration Act for forty-two years, and any department of government and any statute of parliament which have been in effect that length of time and have been submitted to the stresses that the Immigration Act and the department have been under in recent years are due for review by the house. I am sure that the house will welcome the opportunity of reviewing the Immigration Act.

The minister did indicate at an earlier stage of the session that he hoped it might be possible to bring this bill before the house at the present session. He was not sure at that time whether it would be possible to bring it before the house in time to be fully disposed of at this session. I should like to say to the minister that I am very glad he has brought the bill along. It is true that we are at a late stage of the session, if one can judge by the condition of the order paper, but there will be, I have no doubt, every indication of co-operation throughout the house in giving this measure immediate and searching study.

I do not propose to make extended comment on any of the features of the bill to which the minister has made reference in his brief statement this afternoon. The importance of adequate definition of domicile I am sure requires no elaboration, and whatever is done by way of amendment to the present act must subtract nothing, sir, from the importance of Canadian citizenship. We must see that the possession of Canadian citizenship is recognized as a very great privilege, and we must seek to attach to the acquisition of Canadian citizenship all that sense of privilege that goes with, and ought to go with, the possession of citizenship in the great country of which we are ourselves proud to be citizens.

The proposal for expediting the handling of appeals through boards of inquiry and immigration appeal boards will naturally be considered sympathetically. Anything that will contribute to expeditious handling of these appeals is naturally desirable, provided that nothing is done to subtract anything from the rights of those concerned. We shall have inquiry to make concerning the relationship of those boards of inquiry and appeal boards to the right of access to the courts in proper cases where that access exists today.

The minister opened his comments on the bill by reference to the changes that are being made in the case of persons who, having been convicted of crimes involving moral turpitude, have nevertheless established themselves in society or, as the bill puts it, are rehabilitated. Sir, I think that will be a useful change in the act. The terms of the present Immigration Act in that respect are harsh in their rigidity. I do not doubt that many hon. members have had cases brought to their attention where persons, who have been guilty in earlier years of crimes involving moral turpitude, but have fully re-established themselves in society, have nevertheless found themselves under the rigid ban of the present act. This bill does give such a person, after paying his debt to society, and after having rehabilitated himself into society for a period of years, an opportunity of proving that he is a fit person to be admitted. And with all proper safeguards, Mr. Speaker, it seems to me that that is a change in the law which is worthy of support and is desirable.

There are provisions in this bill, sir, which have reference to persons engaged in subversive enterprises, persons who show by their activities that they do not value the opportunities that they have in a country like ours of enjoying freedom, ordered freedom, under parliamentary institutions. And looking at what is happening in the world today, I do not think that there need be very much sympathy wasted by this house on persons who come within the scope of definitions of the type of persons I have just now referred to in the new bill.

I do not intend now to make any further or more extended comments on the terms of the bill. I am sure the house will welcome the opportunity of reviewing this legislation, and of giving it in committee the careful scrutiny it demands.

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I should like to think that the introduction of this bill might be a precursor to an immigration policy in Canada. Whether or not that is so, of course we shall find out in committee. It appears to me that we have never had a coherent plan of immigration in Canada. Our approach has been essentially pragmatic. In times of depression we keep people out, and when things are booming in a time of prosperity we bring them in. During the thirties we almost insisted that the only ones who could come here would be farm workers, and there was a tendency to exclude skilled artisans and those belonging to professional groups. I think that is unfortunate for people of all classes in this country.

In the days after the war there seems to have been a hangover of that policy. There may have been a change in the department by this time, but I can remember when doctors of medicine were working in lumber camps and doctors of philosophy were working on farms. As a matter of policy we should go after a more diversified group of immigrants for this country.

Of course there have been reasons for this. Immigration today is not altogether a spontaneous matter, as it was in the early part of this century, when people just pulled up their roots and came over to this country. Today there are political and, at times, economic bars to their coming. The political reason, of course, is that those nations who have immigrants wishing to come to this country do not like to see their young people leaving them and going to another country. They do not want to see those who are the most adventurous and aggressive coming over here. They do not want to lose those of military age who would be able to defend their own country. That, of course, is a problem.

Then, there is the economic problem, when so many people cannot come to Canada and bring capital with them. But I am wondering if there is not a solution to that problem. Would it not be possible, as a matter of deliberate policy, to try to enter into some agreement among the northern members of the North Atlantic Treaty Organization whereby we could have among those countries an agreement respecting immigration? Under such circumstances those countries conceivably would find that immigration would be beneficial to them, and there would be no net loss to the Atlantic community as a whole; rather there would probably be a strengthening of it.

This would imply a certain amount of planning; but that is not beyond our ability. It would imply a closer degree of integration among those nations which I, for one, would welcome. Were we to indulge in immigration on a planned basis it might be possible to think of an increase in the population in Canada for a number of years ahead at a rate of two per cent increase per annum.

One per cent of these would be from natural births—and, as has been said so often, the babies born in Canada are our best immigrants. The other one per cent would come from overseas immigration. I do not believe that that one per cent would involve such a great number that it could not be integrated pretty closely into our own economy. But it is imperative that an agreement of some sort be reached, especially with those nations with which we are now on such close terms.

I should not want it to be inferred from what I say that I am suggesting our immigration policy should be totally and completely exclusive. I would resent any such policy as that, and consider it a wrong one. Yet there would seem to be words in the bill before us which suggest to me that the concept of exclusion still lingers in the minds of those in charge of the department.

One thinks, for instance, of the fact that British subjects from the British West Indies have found difficulty in gaining entrance to Canada, because it was believed that they would find it difficult to adjust themselves to the climatic conditions of this country. That, as a matter of fact, has not been the experience at all. However, it is a subject which can be considered in committee, and when we are considering the estimates of the department.

I should like also to mention that while under the bill we are prepared to ban individuals for good reasons, it would seem that we are equally prepared to ban people on racial grounds. Indeed, the word "race" is actually used in the measure. Experience has shown that it is a word which has very little scientific validity. The other day I had a meeting with some representatives of the Armenians in this country. Apparently Armenians are considered by the department as people of Asian extraction. Naturally the Armenians say that they are nothing of the sort, that in fact they are Caucasians.

But what is the meaning of "race" as it is used in the bill? Can one talk, for instance, of the Scots race or the Irish race or the English race, or of any such absurdity as that? After all, the people of the United Kingdom and of northern Europe at some far distant time came from the Middle East. Unfortunately a reference to race is used all too often in the Hitlerian sense; and as it is used in the bill I hope it is used in the sense that there is a Caucasian, a Mongol or a Negroid race. I doubt if that is so.

During the thirties it was used in an even unhappier sense, when there was a deliberate exclusion against certain groups such as Ukrainians, Jewish, and Polish immigrants. We regarded them as second-class citizens. Fortunately that is not so today, and we are glad of it.

I agree that it is right and proper for Canada to decide who should come to this country; but we have used these racial concepts viciously in the past. The immigrants who have come to this country despite such barriers have turned out to be among our best citizens.

Another matter which will come up before the committee is as to how screening is carried on. I am tempted to think that in the past it has been inadequate, for we have had persons come to Canada who have had no past at all, in the sense that they came here with purely fictitious names, and yet apparently they had been screened. However, matters of that kind can be discussed before the committee. That is one reason why I welcome Bill 305 at this time.

Mr. Victor Quelch (Acadia): Mr. Speaker, as I believe it would be out of order to discuss the general immigration policy at this time, and as the minister has given us the assurance that the bill is to be referred to a special committee, we in this group are prepared to support second reading, without further discussion.

Motion agreed to and bill read the second time.

MOTION FOR SPECIAL COMMITTEE ON IMMIGRATION

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, by leave I move:

That a special committee be appointed to consider the bill with respect to immigration; with power to send for persons, papers and records, to print its proceedings and to report from time to time to the house; and that the provisions of section 1 of standing order 65 be waived with respect to this committee; and that the committee shall consist of certain members to be appointed hereafter.

Motion agreed to.

Mr. Harris (Grey-Bruce): I move that Bill No. 305 be referred to the special committee.

Motion agreed to.

UNEMPLOYMENT INSURANCE ACT

AMENDMENT TO INCREASE RATES OF BENEFIT, TO REDUCE THE NUMBER OF WAITING DAYS BEFORE RECEIPT OF BENEFIT, ETC.

The house resumed, from Wednesday, June 4, consideration of the motion of Mr. Gregg that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Unemployment Insurance Act, 1940, to increase certain rates of benefit under the act; to

reduce the number of waiting days before the receipt of benefit; to extend the period of entitlement for supplementary benefits; and to make provision for certain administrative changes.

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to deal now with some aspects of the unemployment insurance operations in this country which I think could be improved upon. To illustrate my point I should like to cite an experience one of my constituents had in dealing with the unemployment insurance commission. This man was laid off from his job last November, and applied for unemployment insurance, to which he had been contributing ever since the scheme started eleven years ago. He drew benefits for thirteen days, but when his eyesight became so bad that he had to enter hospital for an operation, his benefits were cut off.

I was advised of this, and I wrote to the unemployment insurance commission asking why these benefits had been cut off. In reply I received a letter under date of February 20, 1952, from Mr. B. G. Sullivan, Ontario regional director of the unemployment insurance commission, reading as follows:

> Further to mine of February 13, I have now had this request looked into and have had an officer call on Mr. and Mrs. Monk. According to our records Mr. Monk filed claim for benefits on December 10, 1951, at which time he established a credit of 303 days at $3.05 per day. Thirteen days' benefit were drawn, up to and including January 3, 1952. However, on January 5, he was taken ill, and was in hospital until January 21, when he was discharged as being permanently blind.
>
> I am sure you understand that one of the five statutory conditions governing the payment of benefits under our act is that the claimant must be capable of, available for, and unable to find suitable employment. Obviously Mr. Monk would not meet this requirement while in hospital, and his condition on discharge being as described, he could no longer be considered capable of employment. Regardless of the distress, and I assure you it does cause us distress for our insurance officers to have to make some decisions, the matter is entirely beyond our control.
>
> I thought you might be interested to know that our officer who called on Mr. and Mrs. Monk prefaces his report with the following:
>
> "I found Mr. and Mrs. Monk to be a fine old couple whose recent path in life has been anything but a bed of roses."
>
> Our officer assures me that both of these good people now fully understand our inability to pay them benefits under our act.

I believe that this letter indicates a shocking bureaucratic tendency to treat people merely as cases in a file, rather than as human beings. It seems to me that the employees of the unemployment insurance commission are interested only in getting a file off their desk, rather than in seeking a humanitarian and constructive solution to each case.

This letter shows that it never occurred to the employees of the unemployment insurance commission to contact the Canadian National Institute for the Blind to see if it would be possible for Mr. Monk to become once again usefully employed. To them he was blind; he could no longer be employed; and so they could file his case and forget about it.

Most people know, and certainly those connected with employment services should know, of the tremendous strides which have been made in recent years in rehabilitating the physically handicapped. Those who are blind, deaf, dumb, or who have lost the use of one or more of their limbs, have been fitted into jobs which they can handle, often better than those who have full possession of their faculties. The record of progress and achievement in this field during the past few years is a very remarkable one indeed. Therefore, one would think that the first thing the employees of the unemployment insurance commission would do would be to contact the Canadian National Institute for the Blind to see if Mr. Monk could be found suitable and useful employment.

Upon receipt of Mr. Sullivan's letter, I requested that the Canadian National Institute for the Blind should be contacted to see what could be done in Mr. Monk's case. The Canadian National Institute for the Blind got in touch immediately with Mr. Monk's employer, and they found that he was a valued machine operator, whom they would be glad to have back if satisfactory guards could be designed for his machines. These were provided, and Mr. Monk is once again usefully and happily employed.

However, the important thing is that none of this rehabilitation would have taken place if reconsideration had not been requested of the unemployment insurance commission. They simply washed their hands of Mr. Monk as soon as they learned he had lost his sight.

If a man or woman develops a disability, I believe that the first thing to do is to try to cure the disability. If that cannot be done, then the person should be taught a trade. This will require a well planned and well executed government rehabilitation program, both physical and occupational.

An example of physical rehabilitation is the case of a man who is suited only to heavy manual work, and who has developed a bad hernia. If the hernia is not cured, the man will not be able to earn his living at the only kind of work he is capable of doing. However, if it is made possible for him to have an operation, his hernia can be cured, and he will be able to earn his living at the trade which he is capable of handling.

An example of occupational rehabilitation is the man who loses his sight, and is thereby unable to earn his living at his regular trade. In many cases, as in the case of Mr. Monk, this man can be taught how to handle his old job by using special guards or aids designed by the Canadian National Institute for the Blind. If the nature of his old job is such that it is impossible for him to continue at it, then the likelihood is that he can be taught a new trade.

These are merely two examples of what can be done to enable those who have become incapacitated, either by accident or by disease, to continue to earn their own living. No worth-while person wants charity or to remain in idleness. They want to continue to earn their living and retain their independence. A well-planned and well-executed rehabilitation program, carried out in co-operation with the provinces, would, in the majority of cases, make this a reality.

At the end of the last war a great number of disabled veterans were taught new trades or were shown how to continue their old trades despite their disabilities. If the same program were carried out in industry, far more disabled persons would be able to earn their own living today.

I believe it is the responsibility of this government, in co-operation with the provinces, to institute such a rehabilitation program. Such a program will ensure that those who are disabled will be given every opportunity to cure their disabilities or, failing that, to learn a trade by which they can earn their living.

Now let us turn to the case of the man or woman who, because of disability, finds it impossible to continue in useful and satisfactory employment. In the case of Mr. Monk, the commission cut off his benefits as soon as they learned that he was blind, even though he still had nearly $900 unemployment insurance standing to his credit. This $900 credit was his by right, because it had been built up solely by contributions made by Mr. Monk and his employer for the sole purpose of maintaining him if he should become unemployed.

There is no time when a man or woman needs the unemployment insurance credit they have built up quite so much as when a physical disability prevents them from working. Not only do they have to maintain themselves, but they have doctor and hospital bills to pay as well. The important thing to remember is that whatever credit a man or woman has built up is his or hers by right. It exists only because the man or woman and the employer have contributed toward it for the specific purpose of its being available if the employee, for some reason or other, is unable to continue to work.

Therefore, I believe that the Unemployment Insurance Act should be amended to allow for payment of benefits if the commission's doctors certify that the disability prohibits the man or woman from continuing to work. I urge the minister to give this matter serious consideration and to bring in an amendment to the act at the earliest possible opportunity. I also urge the government to give consideration to paying a disability pension, equal to the old age pension, and to be paid irrespective of age—

Mr. Speaker: Order. I think the hon. member is now going beyond the provisions of the resolution. In fact during his remarks I think he has at times gone quite beyond the provisions of the resolution. I allowed him to continue because there is a clause in the resolution with respect to certain administrative changes, but I doubt if what he is saying now refers to administrative changes.

Mr. Hees: Mr. Speaker, I only have half a sentence to finish. May I finish the sentence? —to all persons whose disability makes it impossible for them to continue to earn their own living.

Mr. Sinnott: That is a good written speech.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I think the Department of Labour should be congratulated on introducing legislation concerning the Unemployment Insurance Act. When the minister was speaking the other day I noticed that, as was pointed out by the hon. member for Winnipeg North Centre (Mr. Knowles), he indicated what was to be in the bill. That is the first time that has happened, and it is of assistance to all members in discussing the resolution. I am going to read the resolution because I want to refer to the four separate points outlined in it. When the minister was speaking the other day he put the resolution on the record. It reads as follows:

> That it is expedient to introduce a measure to amend the Unemployment Insurance Act, 1940, to increase certain rates of benefit under the act; to reduce the number of waiting days before the receipt of benefit; to extend the period for entitlement for supplementary benefits; and to make provision for certain administrative changes.

The problem of unemployment is a very great one. It is a most important question to the people concerned. The total of registered employable unemployed amounts to 385,100, pretty close to half a million people. When you consider that there are many others unemployed in Canada who are not registered with the unemployment insurance commission then you can see that the figure

of half a million people is very close to being correct. The resolution indicates that there is going to be an increase in the rate of benefit from $21 to $24. That is only an increase of $3; nevertheless it is welcome. Whether it will be sufficiently large to meet the increased cost of living is another question. When one stops to consider that the fund has now reached the very large amount of $782,231,826.91, it does seem that possibly the minister might have gone a little farther so far as increasing the rate of benefit is concerned without affecting the solvency of the fund.

Last year the increase in the fund was over $109,470,000. It will be remembered about a year and a half ago the contribution rates to the fund for employers and employees were increased. With the workers now required to pay a greater amount, and with the fund increasing and in good condition, it would seem that we might have gone a little farther this time when we are making changes and might have given the worker a little more by way of increased benefits without endangering the solvency of the fund. I quite understand that if we were to go into a period of depression such as we had in the 1930's this amount of money, although large, would not go very far toward taking care of the tremendous unemployment problem that might develop. However, the fund was never intended for that purpose, and I do not think it is the intention now that it should be used to carry us over a long period of depression. It could not do that in any event. It was only intended to take care of—I was about to say "an emergency condition" but that is hardly the term—a period of six months or a year. If we were to go into a period of depression other legislation would be required to solve the problem.

Most of the labour organizations requested a greater increase than is suggested. However, as I said, the increase is welcome. I am sure that labour organizations throughout the country, and particularly the men concerned, will welcome even the small increase of $3 a week. There is one other matter for which I think the minister should be commended, the lessening of the number of days of waiting. The statutory period was eight days. It seemed to me that was a rather long time to have to wait. As was pointed out by the minister, the required period of waiting is now to be only five days. In actual fact that is six days because there is one day that is non-compensable. I think that the waiting period could very easily be reduced to two days without endangering the operations of the fund. In actual fact it would be three days because there would still be one day which would be non-compensable. The period for supplementary benefits has been extended to 15 days, and that will be a welcome change.

There is one other point that I want to mention, Mr. Speaker, and it concerns married women. Under the statute 90 days is required before they can receive re-establishment benefits. I know of the difficulties that are attendant upon a problem of this kind. We have discussed them in committee and on other occasions. Problems are presented that are sometimes difficult to iron out. In many cases the privileges which are extended under the act are abused. On the whole, however, I believe the percentage would be rather small. I would suggest to the minister that 90 days seems to be a rather long period and that, without interfering with the functions of the act, that period could be reduced to 60 days at least.

I should like to mention another subject which comes under the act, and that is the unemployment insurance assistance which is given to people who are unemployed, but is suddenly cut off if they become sick. This act serves a useful purpose in the city of Drumheller, because the people in that locality do become temporarily unemployed and must seek assistance from this fund. But it does seem to me to be an odd situation that a man who becomes ill when he is in receipt of unemployment insurance should suddenly have those benefits cut off. I know the underlying principle well, that being that the man should be in a position to accept employment when it is offered. I would venture to say that in almost 95 per cent of these cases when the man who is receiving unemployment insurance suddenly becomes sick, there is no work immediately available. I feel that there should be some elasticity in the regulations. Some consideration should be given to those individuals, and they should be allowed to receive unemployment insurance assistance even though they are sick.

It is extremely difficult for a workingman to carry on when he is sick. When his unemployment insurance assistance is cut off, he is in a much more difficult position than he was the day before when he was able to go to the unemployment insurance office to see whether or not there was work available. I cannot understand why we should create unnecessary hardship for individuals, particularly on that occasion when they need assistance. I do not know just what complications might arise if we were to endeavour to amend the act in order to overcome this problem, but when some obvious hardship presents itself I am sure the minister could find some way of amending the act to give the necessary assistance.

If my memory serves me correctly, Mr. Speaker, there are only about 5 per cent of the total people employed in Canada who come under the unemployment insurance fund. The minister will correct me if I am wrong, but I think that is about the figure. Those who are casually employed, such as agricultural workers, do not come under this fund. Now, that is particularly noticeable in western Canada where agricultural work is, on the whole, seasonable employment. During the harvesting the men are only employed for two or three weeks. There was a time when harvesting would employ the men for two or three months, but that time has long passed, owing to the development of modern machinery. This represents a large proportion of our population that is not covered by this act. There are other people who are only employed for short periods of time who are not covered by this act.

Mr. Gregg: Might I interject a correction? I am sure the hon. member would not want the statement he made a moment ago to go uncorrected. I presume he will admit that it was the paid workers he was thinking about when he suggested that percentage, and I think he would like to have the correct figure. Of the paid workers of Canada 2,915,000 do come under the insurance act, and only 934,000 do not. Then, of course, there is the great field of farmers and self-employed in addition.

Mr. Johnston: When I was speaking I mentioned that the figure was subject to correction, so I am glad the minister has put the correct figure on the record. I wonder if the figure which the minister gave a moment ago includes those who are employed for only a short period of time, such as the agricultural workers, who do not come under the act?

Mr. Gregg: No, that does not include agricultural workers.

Mr. Johnston: That would make a difference, and when you consider all those people it may be that the figure which I quoted would not be so far out. That is what I had in mind when I made that statement. It does seem that if we are going to have an unemployment insurance fund to assist people when they are unemployed, then we should endeavour to have a greater coverage. I believe it would be a help to those people who are in need on certain occasions.

There is a great deal more that could be said in this respect, Mr. Speaker, but I do not want to delay the introduction of the bill itself. While the minister has been good enough on this occasion to indicate some of the changes that are going to take place when the bill is introduced, I believe we can discuss the sections more intelligently when we see the bill itself.

Mr. J. W. Noseworthy (York South): I have a few comments to make on this legislation, Mr. Speaker, and I think I might as well make them at this stage as wait for the introduction of the bill. In so far as the bill will increase the amount of benefits payable, in so far as it shortens the waiting period from eight days to five and lengthens the period in which supplementary benefits may be payable, the bill will be welcomed by those who are interested in or affected by our unemployment legislation. Labour throughout the country has for some time been asking for amendments to this act. They are not going to be content with the improvements that are being made. I suppose it is possible that the minister may take the position that labour is never satisfied with the improvements he makes to such an act as this in any case. But labour is not convinced that the amount in the fund does not warrant benefits of more than $24 a week. The fact that the fund has grown to nearly $800 million indicates to workers that the government is apparently more concerned in building a fund and in having available a few hundred million dollars than it is in using those dollars for the benefit of those who are concerned with the payment of them. The primary purpose of the unemployment insurance fund is to provide assistance to men and women when they are unemployed. The question now is whether the department is using that fund, and the millions available in that fund, to the limit in rendering that assistance.

As to the waiting period, labour groups ask that it should be eliminated altogether. The fact that the bill states that the waiting period is to be reduced to five days does not, in many instances, mean much. In the days when the waiting period was supposed to be eight days, many an unemployed person had to wait two and three weeks and sometimes longer, before he could get his claim adjusted. If the five days were the maximum number that any unemployed person had to wait to get his claim adjusted, there would not be so much criticism. But whether it is because of inefficiency within the administration of the act, or whether it is because too few are employed in the administration of the act, or whether it is because, when there was a great deal of unemployment during the past winter months, sufficient help was not provided to take care of the work, or whether it is because of cramped quarters and lack of accommodation, unfortunately the fact is that in many instances workers have had

to wait and have had to suffer serious inconvenience by having to wait more than the allotted eight days, as the waiting period was formerly; it is now to be five days.

Some months ago when I was speaking on this matter, I suggested that if the government insists on a waiting period, and so long as these waiting periods are quite extensive, as they sometimes are, the government should make some arrangements between the administration of the Unemployment Insurance Act and the welfare department of the municipality in which the office is situated, whereby a man can get from the welfare department an advance against his unemployment insurance. I pointed out that that procedure is adopted in connection with workmen's compensation, that it works quite satisfactorily and that in many cases, where there is a serious delay, workers are able to get relief immediately from their welfare officer, and the welfare officer is repaid later when the unemployment insurance becomes due. Some drastic changes are needed to avoid the unnecessary suffering that has been caused in the past to workers who have had to wait for unemployment insurance adjustments much longer than the legal waiting time.

Then as to the Toronto district, there is this question of providing accommodation. I have pointed out before that in the Toronto district we need an unemployment insurance office somewhere in the vicinity of Eglinton avenue and Dufferin street or even a little bit farther north. To hundreds of unemployed the department is causing unnecessary expense and trouble by forcing them to go down to the central unemployment insurance offices. I am sure the minister's own officers who are employed at Spadina avenue and out at the junction can assure him that this administration of the act in the Toronto district could be improved considerably if more spacious accommodation were provided farther north. I think people are now obliged to come all the way from Richmond Hill down to Spadina avenue in order to collect their unemployment insurance.

I have called attention before to the fact that there seems to be altogether too much bookkeeping involved in this matter of unemployment insurance. One experienced unemployment insurance official remarked to me that there is just about as much bookkeeping involved in connection with unemployment insurance as there is in running the whole Canadian National Railways. It would seem to me that the department should concern itself with finding some simpler way of handling this problem. I think it may be possible to consider the whole basis upon which payment is made. Here the officials of the department have to keep an employment record of the worker, and they have to go back through the years to find out how many days of unemployment insurance benefit he is entitled to when he reports for unemployment insurance. The number of days, of course, is determined by the amount that he has built up in the fund.

It would seem to me that it would be a much more satisfactory service to the unemployed if that fund were to be used as a co-operative enterprise or a co-operative fund to provide the unemployed with unemployment insurance for whatever period the department determined was a reasonable one or for whatever period it thought the fund could stand. As the situation now is, a man can get unemployment insurance only on the basis of the number of days or years during which he has contributed to the fund; but that provision is hedged about by a number of regulations which deprive many a man of benefit to the full extent of his contributions to that fund. If, for instance, during the period while he is contributing he becomes an employer and ceases to make contributions for a number of years, he may find himself in a position where, having contributed to unemployment insurance for years, he becomes an employee again, becomes unemployed but because he has not built up a sufficient fund within a given period of time, he does not get any unemployment insurance. I have had a number of instances of people who, in my opinion, should have been provided with unemployment insurance; they were men who had made the necessary contributions but because of some rigid regulation which required that there had to be a certain number of contributions within a given period of time, these people had to forgo all that they had placed in the fund at an earlier period, and they received no unemployment insurance at all.

It would seem to me that if there is available an unemployment insurance fund, and if a man becomes unemployed, he should receive payments from that fund at whatever rate is fixed by the government and for whatever length of period the government decided that payments should be made. It should not be related to the number of contributions that he has made. A younger man, for instance, gets a job. For many years he has not had an opportunity of contributing to unemployment insurance. He gets married and begins to raise a family. He suddenly finds himself out of a job, and it is too bad if he has to depend upon the government employment service to get him a job. He remains unemployed. He has not been contributing through any fault of his, and yet he finds that he is not entitled to unemployment insurance. It seems to me that if a

man is unemployed the fund should be available to take care of him either for whatever period is decided upon by the government or until he himself, with or without the assistance of the government officers, can find a job.

They tell me that in the state of Michigan they have adopted the payment of unemployment insurance on some such basis as that. A man becomes unemployed, and if he can satisfy the authorities that he is genuinely unemployed he is entitled to unemployment insurance for whatever length of time the regulations permit the department to pay unemployment insurance, and there is no relation between the insurance he gets and the amount of contributions he has made. There is no necessity for the government to keep records of the man's employment over the years and the amount he has paid into the fund.

It would seem to me that by adopting something of that nature you should be able to get away from all this bookkeeping which requires a small army of bookkeepers to take care of the unemployment insurance fund. These are just a few of the things that I have learned from close association with the unemployed and with the unemployment insurance officers and from long conversations with the men who are close to this problem and who have to deal with it day by day.

I have one other suggestion. I think the government would be well advised to take some measures to step up the efficiency of the unemployment end of these offices. These offices today are degenerating into offices that hand out unemployment insurance and that administer unemployment insurance and do very little more. It may be because of the conditions; it may be because during the last winter it was difficult to get jobs; but the people who become unemployed find themselves with very little confidence in the ability of those government offices to assist them to get back into employment. Probably something could be done to improve that side of the department's work, namely, the finding of employment, as well as the administering of the unemployment insurance fund.

(Translation):

Mr. Maurice Breton (Joliette-L'Assomption-Montcalm): Mr. Speaker, I wish to congratulate the Minister of Labour (Mr. Gregg) for having introduced amendments to the Unemployment Insurance Act designed particularly to increase the benefits for the unemployed and reduce the number of waiting days. I would like to say a few words only, in order to bring the government to see to it that the regulations the unemployment insurance commission may lay down in connection with the administration of the act be such that the unemployed will not be compelled, in practice, to wait more than the nine days mentioned in the act. In fact it often happens, although the regulations provide for a period of nine days. Sometimes people are unfortunately compelled to wait more than two or three weeks before receiving their benefits.

The point I wish particularly to stress, however, has to do with the court of referees. As a matter of fact, section 52 of the Unemployment Insurance Act provides that the commission may establish a court of referees in each district. Section 53 is more specific; the commission may establish courts of referees wherever it deems necessary to do so. The discretion thus left to the unemployment insurance officials results in a tendency to centralize the appeals to the unemployment insurance commission more and more in the larger centres—in Montreal and Quebec, for instance—in our province, and I suppose that it is the same in the other provinces.

I must say that, in our district, approximately twenty thousand employees come under the Unemployment Insurance Act. We had, at one time this winter, about two thousand unemployed. I respectfully submit that wherever there is an unemployment insurance office, there ought to be also a court of appeal.

These courts of appeal are said to have been eliminated—or rather there is a tendency to abolish them—for so-called reasons of economy. Such economy measures are detrimental to the working class and to those who are entitled to unemployment insurance benefits. Much too often, unfortunately, decisions rendered under the unemployment insurance regulations with regard to benefits are rather arbitrary, and the insured is justified in filing an appeal, in which case he is then compelled to assume his transportation costs to Montreal or Quebec, where the appeal will be heard, or again to some place seventy-five or a hundred miles away from his home. I maintain that the whole thing is unfair to the insured and that in each and every district where there is an unemployment insurance office, the government should also maintain a court of referees.

(Text):

May I draw the attention of the minister to the fact that the liberty given to the commission to establish a court of referees in such districts as the commission may think fit is unjust to the great number of employees

in such districts where there are perhaps 30,000 employees under the jurisdiction of an unemployment insurance office. I believe it would be fair to these employees if they could appeal to a court of referees in the same district in which they work instead of being obliged to go perhaps a hundred miles to Montreal, Quebec or to some such place to place their appeal.

The tendency of the commission, in virtue of the law, is to centralize the courts of referees in any place that they may see fit. I think it would be unfair to the employees; and I receive many protests in my district from the workers association to the effect that this decision made by officers of the government, who perhaps are competent, indicates that they do not understand clearly the local conditions. I am referring particularly to those who work in the bush, and who hold other seasonal employment.

With this in mind I would ask the government to amend the act, by changing the word "may" to "must" or have it read in this way:

> Panels of persons chosen to represent employers and insured persons respectively shall be constituted by the commission for such districts where there is an office of unemployment insurance.

I think that for the small difference in economy which would be brought about by centralizing the courts in Montreal or Quebec, it would be much better to give a chance to the employees. No one could complain that it is a waste of money.

(Translation):

I have no more to say on the subject for the time being; I have formulated my request on behalf of the working class and I hope that the government will see fit to take appropriate measures in that connection; indeed, if we abolish the courts of referees in the small towns of the province of Quebec, and establish them instead in the large cities, ostensibly for reasons of economy, everybody will have a right to complain; for the working people, who represent a large proportion of our population, are absolutely entitled to ask that certain expenses be incurred on their behalf.

(Text):

Mr. J. W. Murphy (Lambton West): Mr. Speaker, I should like to place before the minister representations on behalf of the farmers in my constituency who work in industry during what they describe as the off season.

Let me say at the beginning that, having received representations from a group of farmers, I took the matter up with the chief commissioner of the unemployment insurance commission who, in turn, was kind enough to interpret the act. I am wondering if when he replies the minister would indicate whether some further consideration could be given to a condition which I believe is unfair to this group of farmers.

In the first paragraph of his letter to me on May 15, the commissioner said:

> A farmer is generally considered not available for employment and therefore not entitled to benefit during the farming season.

There may be some question in the minds of the officers in the department as to what constitutes the farming season. It is true that in some areas in Canada the farming season might be described as beginning with seeding and closing with the harvest. Then there are other sections in which the farming season extends from one end of the year to the other. I am wondering if there could be some clarification of that point, because it affects a number of people in the Sarnia area, many of whom for a good many years have been engaged in the industrial development there. They now complain that many of them are laid off on the first of April because those in charge of industry assume that they are going to take part in farming operations. It is pointed out that no farmer in the area has ever collected unemployment insurance.

There is another angle which does not seem fair. The third paragraph in the letter, explaining the act, says:

> For example, if he becomes unemployed in January, 1953, and shows that during the off-seasons in the winters of 1950-51 and 1951-52 combined he has paid a total of 180 contributions or more, he may qualify for benefit until March 31, 1953, or for such part thereof as the number of contributions he has paid entitles him to.

I do not believe the problem can be settled properly until we have some further explanation of the meaning of "off-season". Let us take the case of the man who has made unemployment insurance payments for several years, as many of these people have. This man we will say is let out on March 31. Would the minister explain his position after that date? We will assume, first of all, that he is not what would be described as a full-time farmer. He is in a position to work even in the months of April or May, and undoubtedly could have someone take care of what small numbers of stock he may have. If this man is let out on March 31, and his unemployment insurance does not apply at that time, I think he is receiving unfair treatment—and I hope the minister will agree with me.

I am not suggesting that this would apply to a full-scale farmer, but I am referring only to those people who make it part of their business to farm part of the year, and to work in industry as much as they can. Those are the only points I wish to raise, in the hope that the minister will refer to them when he speaks again.

Mr. W. Ross Thatcher (Moose Jaw): Mr. Speaker, I should like to say, in common with the other hon. members who have spoken, including the hon. member for Bow River (Mr. Johnston), that I support the five amendments before us today. I believe however there is an additional amendment which should have been brought in at this time. This would increase the coverage of people in my constituency who otherwise would be available for farm work, but who are most reluctant to go out on farms because they cannot receive unemployment insurance. I believe that, as a result of this, farm production in Canada today is suffering. These people cannot get the insurance automatically.

In company with other hon. members who have spoken, I would ask the minister to tell us what consideration has been given to extending the provisions of the act so that it would take in agricultural workers generally. Certainly if the government would give that consideration I believe a great deal would be done by way of increasing our dairy production, as well as other production on the farms.

Mr. Robert Cauchon (Beauharnois): Mr. Speaker, on April 17, 1951, I considered it advisable to draw to the attention of the house the unhappy lot of the older worker when he is faced with the necessity of seeking employment.

Certainly now, as then, officials of the unemployment insurance commission must be aware of the gravity of this problem. To the best of my knowledge, however, no further steps have been taken by the unemployment insurance commission to alleviate the financial worry and mental distress which haunts these Canadian workers.

At the time the matter was not as urgent as it now is, in the light of our immigration policy—which, understandably, tends to give preference to younger immigrants—and of recent unemployment statistics.

I feel strongly that the unemployment insurance commission has a duty to our ageing Canadian workers, the duty of directing them into new fields of employment or, if need be, of training them in skills suitable to their aptitudes and age.

Though the commission has done nothing in that matter it has not been reluctant to adopt a new policy in respect to appeals. Without, I am certain, consulting the minister it has adopted a policy surely not designed to promote the best interests of those whose welfare it was set up to serve. I am speaking particularly of those of the unemployed who wish to appeal the decisions of the unemployment insurance commission.

No longer are these appeals heard in their local courts of referees. An appellant in my constituency must travel to Montreal. Do the gentlemen responsible for this reversal of policy not realize the financial hardship it imposes? Being without a job, the labourer cannot afford the expense of his fare, his meals and transportation costs within the city, all in addition to the expenses of his witnesses. He may then find that his case is delayed and that he will perhaps have to make another trip. Under such conditions, and a natural fear of becoming involved in legal "red tape", he may forgo his right of appeal.

Upon inquiry, I have found that the principal arguments advanced in support of the policy are as follows:

1. Certain courts of referees are not qualified. Does that mean that the entire system is bad, that we should scrap it? I contend that it does not, that there are many quite capable of handling the cases brought before them. No system is perfect; certainly not the one which is now being put into effect.

2. Decisions of many boards are unwise and, consequently, costly. If that be true, the commission would be better advised to appoint competent men. The responsibility is theirs.

3. The costs of appeals heard in Montreal are lower than the costs of appeals heard in local courts of referees. This, the commission contends, is due to the longer time taken by the local courts and to the fewer cases tried. The cost of each case is thus proportionally higher.

If this argument be valid, let us adopt the same principle in the administration of justice. Imagine, if you can, accused, plaintiffs, defendants, their lawyers and innumerable witnesses, all trekking to Montreal from St. Hyacinthe, Joliette, Drummondville or St. Jean, or those from the towns and villages of the Gaspé travelling to Quebec city. Obviously, this is in the best interests of economy, but is it in the best interests of justice?

Our system of justice I am proud to say ranks second to none, and I speak from my twenty years' experience as a court reporter in the province of Quebec. This is also true in the nine other provinces. As for the judges, for them I have only praise. They fulfil their duties conscientiously and well, without for a moment forgetting their responsibility and privilege, the responsibility and privilege of guarding the rights of the individual. Indeed, it is fortunate that the judges throughout Canada do not administer justice as the unemployment insurance commission now seeks to administer it, that is,

after the manner of cars rolling off the assembly line where one must come off the line completed in a given unit of time. Moreover, the aim is to reduce the overhead by producing more cars.

I can prove that this is the method advocated. To call the local courts, five cases must be tried within a seven-day period. Only under these conditions can the unemployed in our constituencies be spared needless expense, worry and loss of time. Perhaps the commission would likewise abolish sittings of local criminal assizes on the ground that only one case is tried in a year.

The commission has charged these courts with incompetence; nevertheless, it would seem that they are incompetent to try only one case, but quite competent to try five cases in seven days. Is this logical?

If our system were in need of improvement or change our Prime Minister (Mr. St. Laurent), who is recognized in Canada and elsewhere as an outstanding lawyer, would have introduced legislation into this house to effect such improvement.

Today, the tendency is towards decentralization, certainly in industry, and that we insist upon it in government is proved by the system we have adopted. Is decentralization any less desirable in the matter of a citizen's right to appeal to a higher tribunal?

Mr. Speaker, I contend that this commission was set up to serve the workers. We of this house know it, the hon. minister knows it; it might be well to remind the commission of it.

An unemployed worker, faced by expenses he either cannot afford or cannot possibly meet, may thus be deprived of a basic democratic right, the right of appeal. Democracy recognizes that right. His payments to unemployment insurance are for the express purpose of assuring his right to a degree of economic security. Should he be deprived of it? We expect efficiency in our government agencies; we laud their efforts to reduce costs and prevent waste, but I do not believe that—as in this case—we want it at the sacrifice of right and justice. The purpose of the legislation was not the cheapest possible administration.

That the commission has full authority in these matters is unquestioned, but all authority carries with it responsibility and must be subject to scrutiny to assure that these responsibilities are carried out in the spirit of equity and justice. Upon the commission lies part of the responsibility of maintaining industrial peace, of providing security for the industrial worker, thereby laying the surest foundation of a democratic government, which is a happy, contented people. Such a foundation can be best laid by giving our people tangible proof that their government is continually alert to protect their rights.

I should like the minister to request the commission to take steps to improve the lot of the older workers whose productive years can contribute much to Canada's growth. At the same time it might be asked that we stay within the status quo with respect to appeals from the decisions of the officials of the unemployment insurance commission.

Motion agreed to and the house went into committee, Mr. Robinson in the chair.

Mr. Gregg: Mr. Chairman, at this stage I should like to make a few comments on points that were discussed the other day and some that were raised this afternoon. I was of course greatly pleased by the approval expressed by hon. members with respect to the establishment in the operation of our national employment service of the principle of non-discrimination. While there may be a good deal of difference of opinion as to the method of accomplishing this, I am quite sure that in general all members of the house are in full accord as to the principle. Therefore, while it has been in the manual of instructions of the unemployment service, I and the government felt that we might well assert the will of parliament in this matter in the statute itself in the field of federal placement of workers seeking employment.

The operations of our employment service are very closely associated with the personnel departments of private industry. Therefore I feel we may be able to help by example, persuasion and precept to forward the progress that is being made in Canada toward tolerance and non-discrimination. I am quite sure it is in that field of persuasion and example that the greatest progress can be made rather than by the use of policemen, law courts and prisons.

The hon. member for Hamilton West reviewed the present status of the unemployment insurance fund and expressed her confidence that it was in a healthy state. She made a rather mild suggestion that the commission and the government might be a little less cautious in the improvements that are suggested at this time. I think we must bear in mind that, in spite of the fact that we have had some years of heavy unemployment, particularly during the past winter in the great cities of central Canada and two years ago in the far ends of the country, the unemployment insurance fund has not yet met its great test. We may have differences of opinion with respect to whether it was

intended to cope with such a situation as existed between 1930 and 1939, but even so an intermediate test has not yet been imposed upon it. This was kept firmly in mind during all the hearings and the studies, which have taken almost two years, of the commission and the advisory committee whose duty it is to advise on the protection of the fund.

I shall touch briefly upon some of the points raised and perhaps might discuss later in the estimates any I happen to miss. First of all I should like to say something more about the fund itself. The extent of unemployment upon which the finances of the act were based was that prevailing during the years 1921 to 1931, both inclusive. On the average during those years the percentage of idle time to total working time amounted to 11·4 per cent. The best year of all was 1926, when idle time represented 7·5 per cent of the total potential man hours, and the worst year was 1931 when the percentage rose to 21·8 per cent.

The rates of contribution were set on the assumption that the fund might have to carry an unemployment load averaging 12·5 per cent over the years. In 1933 the percentage of unemployment rose to 30·4 per cent during three months, and for the whole year averaged 26·6 per cent. The balance in the fund at 30th April, 1952, was $782 million in round figures. The number of people contributing to the fund varies from month to month, of course, but it is safe to assume that there are over four million people who have some claim on the fund should they become unemployed. Therefore it will be seen that there is a little less than $200 in the fund for each person who might claim.

If the average benefit is assumed to be $20 a week, this would mean ten weeks benefit for everybody who is insured. If we had a 25 per cent unemployment, which is less than we had in 1933, there would be forty weeks benefit for those needing assistance, and this would be short of the amount required to carry an unemployment average of 26·6 per cent for a full year. The unemployment insurance advisory committee, of which I spoke a moment ago and on which are representatives of both national labour and national employer organizations, has a statutory responsibility to inquire into and report on the state of the fund. I am going to quote paragraphs 8 and 9 from their report covering the fiscal year ending on March 31, 1951. They read as follows:

> It is of interest that the ratios of benefit payments to regular contributions for the two fiscal years 1949-50 and 1950-51 were high having regard to the level of employment. After excluding (1) the amounts paid out in supplementary benefit; (2) the special contributions made in respect of such benefit; (3) the cent a day of contributions not taken into account up to July 1, 1951, in computing benefit payable to claimants in the new class 8, and (4) contributions made by the government on behalf of veterans of the armed services, these ratios of benefit payments to contributions are: 1949-50, 71·2 per cent; 1950-51, 65·7 per cent. The high percentage of payments as compared with contributions was noted by the committee.
>
> The fact that so large a proportion of the contributions was required to meet the benefit payments in a year of high employment shows that there may not be an unduly large margin for bad years. It is reassuring, therefore, that as a result of the sustained high level of employment ever since the act came into effect the fund provides a substantial reserve against adverse conditions.

The four major amendments which are being proposed at this time will all increase the outgo from the fund. All these amendments have been unanimously recommended to the government by the unemployment insurance advisory committee. In reply to some hon. members who spoke this afternoon, I might say that that unanimity includes representatives of the great national organized labour bodies. Had the committee felt that we could justify a greater increase in benefits, a shorter waiting period or other concessions, I am quite sure they would have so reported. It is quite true, as was pointed out the other day by the hon. member for Winnipeg North Centre, that certain parts of the social security legislation may possibly be operated without accumulated reserves. The new federal old age pension plan might be an example of that. In the case of unemployment insurance, however, the amount of unemployment which will occur at any given time or for any given period is not nearly as easily forecast as the number of people who will reach the age of 70 at any given date in the future.

It was further suggested, I think by the same hon. member, that "a plan which operates on a comparatively short term financial basis of ten years with reserves sufficient to cover two years of benefit payments is socially a sounder instrument of policy than a fund which piles up reserves." From the portions of the report of the advisory committee which I read a little while ago, it does seem that that committee is fully aware of this line of thought, and it would appear that reserves are not being built up to a greater extent than are necessary under a sound unemployment insurance plan.

Strong suggestions have been made concerning cutting down the number of waiting days, or even cutting them out altogether; certainly the suggestions go beyond what is recommended here. Before discussing that point, I think I should like to take a moment to discuss this tricky little thing known as

the non-compensable day, upon which everyone seems to get caught just as I did. The rule is that the first day in any period of unemployment is known as non-compensable, unless it follows a period of unemployment of less than four days. There may not be more than one such non-compensable day in one week. There are reasons for that, other than just sticking in the odd day of grace.

Mr. Knowles: Is that a good term, "day of grace"?

Mr. Gregg: No, it is not. If an insured person loses no more than one day in a calendar week, he is not badly off. If he is fully employed except for one day here and there, there would be no call for unemployment insurance in this case. It is rarely possible to place an unemployed person on the very first day of his unemployment, and to pay benefits for such single days of unemployment would add greatly to the administrative costs. The rule prevents the dissipation of an insured person's benefit in payment for single days, and encourages him to conserve his benefit for periods of longer unemployment. A provision of this kind is essential to any plan of unemployment insurance to eliminate petty claims and keep contributions within bounds. In the financial calculations made in 1940, it was estimated that the elimination of the one non-compensable day would have cost an additional 3·5 per cent in benefits paid.

Perhaps I should say a word about the waiting period proper. I think perhaps the members who made suggestions here are seeking, as were the framers of the act, to provide the maximum for the unemployed person at the time the need is greatest for the least possible deduction from his pay. The same thing holds true in automobile insurance, where all petty claims that the ordinary person could fairly readily handle are cut off. The amounts deductible are for $25 or $50, and are based on the man's ability to pay. In this way he might be protected against those things that will affect him most. It is usual to exclude small claims up to those figures I mentioned. A great many persons lose a day of employment here and there in the course of a year, and that is not so very serious. Normally they can take up this slack within their regular budget. Such small losses are practically a certainty in many industries where weather conditions, shortages of material or of orders may be a factor.

By excluding a limited number of such days the cost of the contribution is kept much lower for the insured persons, and claimants are encouraged to conserve their benefits for occasions when loss of employment is of material extent and the real claims of other claimants are not buried by a large number of applications for one or two days benefits. The exclusion of the first week, or six days if you insist on including the non-compensable day, in a benefit year is not I think to be considered unreasonable.

The opinion has been strongly expressed in this debate that the Unemployment Insurance Act should be extended to cover just as many categories of workers as it is possible to cover. I can tell the committee immediately that that is the view of the commission, the view of the minister and the policy of the government. It is not quite so easy, as hon. members know, to do that. Referring to what the hon. member for Bow River said this afternoon, I should like to give a brief breakdown of the figures. As of August 18, 1951, the Canadian civil labour force was estimated to be as follows: Paid workers and insured, 2,915,000—I am giving the round figures—paid workers, non-insured, 934,000. Then there are other non-insured persons, own account workers, 933,000; unpaid family workers, 364,000; employers, 197,000. The total in that second category is 1,494,000. The grand total, including paid workers, is 5,343,000.

Now, of the paid workers 2,915,000 or 76 per cent were in insurable employment; 934,000 or 24 per cent were not insured, including three main groups. First, there were employees of the permanent public service, federal, provincial and municipal employees, and employees of hospitals and charitable institutions. The number of these is approximately as follows: Federal public service, 60,000; provincial, 65,000; municipal, 30,000; hospitals and charitable institutions, 115,000. This makes a grand total of 270,000. The question of bringing them under the act, or parts of the categories I have mentioned, is under continuing study.

I believe I should point out to the members of the committee that the solution to this problem is not as easy as it sounds. For some time a very careful study has been made as to the advisability of bringing a portion of the hospital workers of Canada under the act. It worked out to about one-fifth of the total number, particularly those in the non-medical categories and those who normally, outside the hospitals, would come under the Unemployment Insurance Act. Rather than be dictatorial and place it on whether or not the hospitals could raise the money to add this little bit extra, the hospitals were advised as to the intention; and I think perhaps some hon. members might be surprised at the forceful way in which they expressed themselves to the effect that it

would be extremely difficult for them to adjust their budgets to take care of this extra cost. I might say the commission has not receded from its position, but it has felt that the hospitals ought to be given a longer period in order to see how they can adjust their budgets in this regard.

The second group includes persons engaged in agriculture, fishing, private domestic service, private duty nursing and teaching. They are distributed as follows:

Agriculture	120,000
Fishing (excluding self-employed)	7,000
Private domestic service	80,000
Private duty nursing	21,000
Teaching	108,000
Total	336,000

Those are the wage earners who are difficult to bring into a scheme of unemployment insurance. The possibility of a further extension of the coverage to include these groups is under continual review. For instance, as I think some hon. members know, when the horticultural association met here a short time ago they had that subject on their agenda and members of the commission went over and discussed it. If you have read the report of that convention of the horticultural association you will know that they could not see yet how their employees could be fitted in; and perhaps their employees would be more fitted to the scheme than those of general farmers.

The chief problem is to determine when such workers are unemployed. Other difficulties affecting some or all of these groups are the problems of determining who is an employer; how the collections are to be carried out; the large extent to which the same individual passes back from month to month between the status of wage earner and "own account" worker; the seasonability of employment, the large amount of family employment, and the remoteness of the area where the employment is carried out.

The remaining group includes persons who work only in part-time or seasonal employment and who do not particularly desire or need unemployment insurance, and persons whose remuneration is over the insurable limit; that is over $4,800. This group numbers approximately 70,000; seasonal, part-time, miscellaneous number 258,000, making a total of 328,000 in that group. With the interest shown this afternoon I thought it might be worth while, Mr. Chairman, to break the figures down into those various groups.

As to the hon. member for Broadview, I will undertake to look into the special case to which he made reference this afternoon. I cannot quite agree with him that, based on the letter which he quoted, the activities of the commission personnel in Toronto were "bureaucratic". At least there was some evidence there of sympathy. I agree with him that in the related field of rehabilitation of the physically disabled or the physically handicapped, much can be done. Perhaps, Mr. Chairman, as Mr. Speaker suggested that matter might not be relevant to this resolution, I could deal with it when the estimates are dealt with. I assure the hon. member that we will take into consideration that special case which he mentioned.

As to the suggestion made by the hon. member for Bow River and also the other day by the hon. member for Winnipeg North Centre, namely that a sickness benefit feature be added to the unemployment benefit feature under this act, I should like to assure hon. members that the matter has been and will continue to be studied; but up to the present time at least the opinion has been held that sickness benefit should be a part of whatever health plan is developed for this country rather than incorporated into this plan. Even under a more limited plan than this one, and providing insurance against temporary disability only, there would have to be coordination between cash benefits, medical care and rehabilitation services. Basic questions that would have to be decided would include the following: the scope of such a plan; whether it would apply only to wage earners or to other groups such as self-employed; who would administer the plan; whether provincial and federal jurisdictions conflicted; what sort of disability should be covered; for instance, could a distinction be made between incapacity arising from a specific illness and incapacity which is nothing more than infirmity from old age? How long and how often should benefits be paid to the same claimant? What should be done about contracting out in the case of firms with their own sickness insurance plans; how could claims be supervised in a country like Canada with great distances and sparse population? There are many other questions. I do not want to appear to be raising difficulties just for the sake of raising them; but although they are not directly related to what the hon. member for Bow River said, I think some of them are hindrances in the matter of a sickness plan.

The hon. member for York South again brought forward his suggestion with regard to cutting down delays. That is something, of course, which is separate from the waiting days, because even though there may be some delays after the completion of the waiting days the payment becomes retroactive or will become retroactive now after the five waiting days.

Last winter when we looked into the matter there seemed to be some difficulty in working out with the municipalities an estimated basis while the paper work was being caught up with. I should like to assure my hon. friend that the matter is going to be studied during the comparative lull in unemployment during the summer months. Without a radical change in the conception of the plan, I do not think that my hon. friend's suggestion, that benefits should not be related to the number of contributions, could be worked out. However, we shall look into the matter.

The hon. member for Joliette-L'Assomption-Montcalm and the hon. member for Beauharnois referred to the question of courts of referees. In this experiment perhaps I could give them what the commission have had under way in that regard. There are 68 courts of referees established in the larger centres throughout Canada. In the year ended September 30 last those courts held 1,584 sittings and heard 11,754 cases. It can therefore be seen that those courts have quite a heavy task. A review of the work of the courts discloses that the cost of hearing each case in this period averaged $5.38 and that in some of the smaller centres, because of the comparatively few cases heard, the cost per case was much higher than that. A half day sitting of the court now costs $50 as against a previous cost of $33, and a full court day costs $70 as against $44. But perhaps more important than the cost was the fact that in the smaller centres, where comparatively few cases arose, there were longer delays in hearing the claimants' appeals than in the larger centres. For example, in four of the smaller courts the time taken to hear an appeal has been 30 days; whereas in the larger courts appeals were generally heard within an average of 16 days.

In order to reduce the delays and help reduce the costs the commission decided that in the case of the 19 courts hearing the fewest cases the following changes be made on a trial basis; and I would like to emphasize trial basis to both the hon. members who mentioned this matter. A summary of the trial basis is this. Appeals emanating from the above 19 offices will be prepared as usual and will be held for a period not exceeding seven days. If at that time there are not at least five cases ready for the local court the cases will be transferred to the nearest court where a sitting is being held. And if the chairman of that court thinks that the man should be heard, he can authorize the payment of the man's travelling expenses.

No courts have been disbanded at all, and no further action will be taken until those trial procedures have been fully tested.

I know I have not covered all the points that were made, but perhaps hon. members will bring any others to my attention.

Mr. Knowles: We appreciate the very full statement the minister has made with respect to a number of the points that were raised during the debate while the Speaker was in the chair, even though we may not be satisfied with some of the arguments that he has adduced at this time.

The minister had a fair amount to say with regard to the principles underlying the funding operations under this act. It seems to me that what the minister and those who advise him have not taken into account is the fact that we are living under conditions today that are altered to a considerable extent from the period from 1921 to 1931, both inclusive, on the experience of which the act was drawn.

As the minister knows, and as all hon. members know, we have won a number of pieces of social legislation of no mean importance since the days of the 1920's. We have universal family allowance legislation; we have universal old age pension legislation, at least for those 70 years of age and over. These and other measures mean that there is a certain amount of purchasing power available at all times which was not available in the 1920's, which acts as a cushion against unemployment, other things being equal, that was not possible in the 1920's or 1930's.

We fully agree with the minister that account has to be taken of the possibility of a pretty serious test being faced by the unemployment insurance fund; nevertheless we feel that fuller consideration could be given to these changed conditions. I refer to the changes from the 1920's to the present time. The fact that these huge amounts are salted away in the unemployment insurance fund does seem to me to bear out the point we are making. The minister answered our claims that it would be possible to pay larger amounts than are now being proposed by suggesting that if all those covered by unemployment insurance became claimants the fund would last for only a certain length of time. I suggest with great respect that that is a bit fictitious. No life insurance company would base its solvency on the hypothesis that all of its insured people were going to die in the same year. No fire insurance company would base its claim to solvency on the hypothesis that all of the buildings insured were going to burn down in the same year. I submit that it is equally

fallacious for the minister to claim that the unemployment insurance fund must be tested by its capacity to provide benefits to all of the people who are insured under the fund.

I am glad to note that the minister paid attention to the quotation from Professor Morgan which I put on the record the other day. I agree with him that there is a difference between old age security and unemployment insurance, for the same reasons he pointed out, namely that one is predictable and the other is not so predictable. But I do suggest that there is room for consideration of the principle that Professor Morgan and others have enunciated, namely that you should try to provide that the benefits of a fund such as an unemployment insurance fund will be made available to those who in a current period, during ten years or fifteen years, are paying into that fund. Let us not make the mistake of asking the workers today to provide an unemployment insurance fund for their children or their grandchildren. The minister is right in saying that we cannot put it on exactly the same pay-as-you-go basis as you can with old age security, but you can put it on a more current basis than it seems to us is the case at the present time.

I do not intend to pursue that point any further, Mr. Chairman, but I thought I should express our view on it in the hope that further consideration might be given to our contention that it would be fair to declare a little larger dividend to the insured by increasing by more than the minister has done the amount of the benefit. Speaking of the amount of the benefit, I would hope that before this stage is over the minister might be good enough to tell us what the other increases are. He indicated when we were at the earlier stage that the $21 benefit would be increased to $24 a week. Perhaps he might give us the other increases as well.

The minister also dealt with the contention that some of us have been making that the coverage of this act should be extended, and we are glad to note that consideration is being given to that point. We are not surprised to learn that whenever it is suggested a certain group should be brought under the act their employers immediately object. Some of us who are in the chamber at the present time will recall one occasion in Winnipeg last winter when we were called in by a certain group of employers who wished to protest against their employees being brought under the provisions of the Unemployment Insurance Act. All of us recognized their particular problem, but still there is no point to social insurance unless you put it on as universal a basis as possible. Our feeling is that some of those who, be they employers or employees, do not want to be covered by unemployment insurance would be the first to expect assistance from the state if they became unemployed. Therefore I am glad to note the minister has said that the government has not receded from its position, but that it is still the government's policy to widen the area of coverage. I wish him to know that he has the support of those of us in this group in the pursuit of that policy.

I feel I must say a word further with respect to another of the matters the minister dealt with. He gave consideration to the case that some of us have made repeatedly across the years with regard to those who go on unemployment benefits, then take sick and are cut off from those benefits, even though there is still no work for them.

I fully agree with the minister that this problem of sickness benefits generally will best be covered under a health insurance plan. I am glad to note that the minister referred to a health insurance plan as something possible in the foreseeable future; and he used a little more hopeful language than we got from the Minister of National Health and Welfare the other night. At any rate that is a question on which the Minister of Labour and I are agreed, namely that we should have such a plan and that it should include sickness benefits.

However, this afternoon the minister confused the issue we have raised from time to time by taking in too much territory. He said he did not want just to be putting up objections for the sake of objections; but I must confess, with great respect, that I thought that was exactly what he was doing. We spelled out a very limited area. We did not introduce the whole broad question of sickness benefits as something that should be attached to unemployment insurance. We want sickness benefits, but we want them under a health insurance program. In this instance we spelled out for the minister a very narrow and limited problem. We pointed out to him that there are persons who become unemployed, qualify for benefits, begin receiving those benefits, and then become sick and are cut off from their benefits because they are sick, even though there is still no work for them. It is that particular group in connection with which some of us feel a start could be made. In his list of objections the minister really took in the whole gamut of the problems associated with health insurance and sickness benefits. As a matter of fact I know that on one occasion when I tried to get consideration of this matter by officials in the minister's department, during the days before he was minister, what I got was a

document which went over the whole broad question, rather than over this narrow, restricted problem.

Let me say again, in its narrowest and most restricted terms, what we mean: Here is John Jones who qualifies for unemployment benefits. He starts drawing those benefits, and continues to draw them for a week or two. He becomes ill. The day in the third week when he should go down to pick up his unemployment insurance benefits, and report for work if there is work, he is ill. Mrs. John Jones goes down to collect the benefits. John Jones has never been through this experience before, and he does not know what happens. Of course the man behind the desk says, "Where is John?". "He is home, sick in bed." "Too bad; he cannot draw his benefits." Mrs. John Jones may ask the man behind the desk if there is any work for her husband, and he will reply, "No, there is no work; but that does not matter. He is not able to report for work, and therefore his benefits must be cut off." It seems to me that if a start must be made with a very limited approach, we could at least start with a provision that would specify that a person who was on benefits shall not be cut off from those benefits when he is sick, unless a job has turned up which he is not able to take. In my viewpoint we could go further, but at least let us start with that aspect of the problem, that narrow definition of it. It is this, as I say, which does annoy these people most of all, and which does seem most unfair, when they see that the benefits to which they have become entitled and which they have been drawing are cut off merely because they are sick, even though there is still no work for them.

I hope I have not done the minister an injustice in suggesting that by broadening it he has confused the issue. I do plead once again for a consideration of this point. I fully agree with the minister that the solution of the problem of sickness benefits generally lies in an over-all health insurance program, and I hope he will support me in my efforts to get that. He can give support in places where I cannot give it, namely in the cabinet itself. Meantime let us do something for John Jones, to whom I referred as an example.

Mr. Browne (St. John's West): Mr. Chairman, I should like to support the remarks of the hon. member for Winnipeg North Centre. It seems to me there would be very little hardship in the operations of the unemployment insurance commission if it were to continue to pay benefits to persons unemployed during their illness, so long as there is no employment for them. I do not think there is the same difficulty about that question as about some of the others to which the minister referred this afternoon.

Among those persons for whom he had difficulty in arranging insurance the minister included fishermen, but he did not enlarge on the matter. I wonder if he has anything to say about the progress being made. I believe I read a little while ago some newspaper comment in which it stated that when he was in St. John's, Newfoundland, the Minister of Fisheries was asked a question on this subject, and replied that the matter was receiving consideration. I would like to know if there has been very much consideration, and if any progress has been made.

The Deputy Chairman: I am sorry to interrupt the hon. member, but I do not believe the question as to who shall be covered by the measure is contained within this resolution.

Mr. Browne (St. John's West): Mr. Chairman, it was the minister who raised the matter; and I suggest if he is entitled to discuss it, hon. members should have the same privilege. This is the only question I am asking at the moment. I might add that I am appreciative of the difficulties attaching to this type of worker; but it does seem anomalous that people who work in big plants can be covered by unemployment insurance while the men who bring in the fish are not covered.

Mr. Fair: Mr. Chairman, the minister has referred to farm workers. Have representations been received by him or the department in connection with the inclusion of farm workers under the unemployment insurance scheme? I have not heard very much about that class of workers. I have not heard that they are to be included, and I would ask the minister to answer my question when he replies.

Mr. Gregg: Mr. Chairman, replying to the hon. member for St. John's West, I believe I cannot add very much to the answer I gave some time ago in response to a question along the same line. The difficulties of collection and of classification I hope are not beyond solution. I can assure him the matter has been under constant study. The same applies to farm workers.

I am hoping the bill will soon be in everyone's hands, but perhaps I could run through the list of weekly benefit changes. The $21 figure becomes $24; $18.30 becomes $21; $15.60 becomes $18; $12.90 becomes $15; $10.20 becomes $12. Then the two lowest grades remain as they are, because they are already about 83 per cent of the average pay.

Those two lowest grades remain at $7.50 and $4.80. Perhaps I could give a more complete explanation in committee on the bill.

Mr. Fair: The minister did not answer the questions I asked, whether representations had been received from farm organizations or individual farm workers with regard to being included in the unemployment insurance scheme. I suggest that if he has not had such representations he take up the question with farm organizations throughout the country before including farm workers.

Mr. Gregg: Perhaps I could answer that a little later. I do know that we have had representations from the horticultural association, to which I referred a little while ago, but I cannot recall offhand all the representations we have received.

Resolution reported, read the second time and concurred in.

Mr. Gregg thereupon moved for leave to introduce Bill No. 332, to amend the Unemployment Insurance Act, 1940.

Motion agreed to and bill read the first time.

BOUNDARY WATERS TREATY ACT

AMENDMENT TO INCREASE MAXIMUM SALARIES OF MEMBERS OF CANADIAN SECTION OF INTERNATIONAL JOINT COMMISSION, ETC.

Hon. L. B. Pearson (Secretary of State for External Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the International Boundary Waters Treaty Act to increase the maximum salaries of the members of the Canadian section of the international joint commission; to bring the secretary and all other employees under the provisions of the Civil Service Act; and to provide that all expenses incurred in carrying out the provisions of the act and the treaty shall be paid out of moneys appropriated by parliament for the purpose.

He said: This resolution deals with an amendment to the International Boundary Waters Treaty Act, 1911, which provided, among other things, that the salary of each member of the Canadian section of the international joint commission should not exceed $7,500; that the salary of the secretary should not exceed $4,000; that the expenses of the commission for office accommodation, equipment and supplies should not exceed $6,000 per year, and that the governor in council may appropriate annually out of the consolidated revenue fund an amount not exceeding $75,000 to meet the expenses of the commission.

The purpose of the amendment is to provide that the maximum salaries to be paid to the members of the Canadian section of the commission shall be increased, the salary of the chairman not to exceed $15,000 per year instead of $7,500 as at present, and the salaries of the other two members of the Canadian section not to exceed $10,000 each per year. The amendment will provide also that the secretary and all members of the staff shall be brought under the provisions of the Civil Service Act and that all the expenses of the commission, including salaries, cost of office accommodation, equipment, supplies and one-half of the reasonable and necessary joint expenses incurred by the commission under the terms of the treaty, shall be paid out of moneys appropriated by parliament each year.

The proposal would permit the governor in council to determine what that amount should be and also what the salaries of the Canadian members of the commission should be from time to time within the limits of the new statutory ceilings. I do not think there is anything else I need say at this time.

Mr. Browne (St. John's West): How many members are on the Canadian section of this commission?

Mr. Pearson: I had hoped that questions of that kind might be addressed to me in committee, but that is a simple question. There are three Canadian members, the chairman and two others.

Motion agreed to and the house went into committee, Mr. Robinson in the chair.

Mr. Knowles: Mr. Chairman, I am sure we all agree that an act which has not been amended since 1911 might well come under review. I might say that before coming down to the house this afternoon I thought I would look up this statute. Although I have a great many volumes up in my office I could not find one that included this act. It was not even included in the Revised Statutes of Canada, 1927, although the index indicates that it was passed many years ago.

The point that struck me about the minister's suggestion is that if these salaries have not been changed since 1911, no doubt it is time for an increase; but could the minister say a little more by way of defending an increase in the chairman's salary which amounts to 100 per cent. That seems quite a sizeable boost. Could the minister also say something about the work of this commission and the reason for the government suggesting such a big jump in salaries?

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

BOUNDARY PIPELINE CORPORATION

The house resumed from Friday, June 6, consideration in committee of Bill No. 62, to incorporate Boundary Pipeline Corporation—Mr. Larson—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. McLure: Mr. Chairman, when the bill was last before the house I spoke for a few moments on it. I am very glad to be back here now and see you in the chair because it is an inspiration to me to have you there for the few remarks I am about to make. Sometimes you and I do not agree on the relevancy or irrelevancy of the subject being discussed, but that is only a small matter when all is said and done.

The Chairman: I hope we will agree on relevancy during this debate.

Mr. McLure: I had dealt with the incorporation of the company and the incorporators. That is about as far as I had gone in my remarks last Friday. Since that time I have read some of the many speeches that have been made. I find that a great number of speeches have been made against the bill and very few in favour of it. However, I intend to look at the matter tonight from the point of view of whether gas should be exported from Canada for the benefit of another nation instead of keeping it at home. As I said, I had dealt partially with the matter of incorporation and the individuals concerned. The five men who have been instrumental in having the bill brought before the house are unknown to me. That does not matter. They must be known to quite a few of the western members. One of the things that surprised me was that no member from the west rose and spoke with respect to the incorporation of the company and the men who are behind it. However, the company may never be incorporated to export gas through the pipe line they plan to build.

In reading some of the speeches that have been made, also newspaper articles, I found that there seemed to be a doubt in the minds of some people with regard to the quantity of gas and oil to be found in the western provinces. Quite a number of people have said that it is only a flash in the pan. Twenty-five years ago I visited the northern part of that country and passed through the section which is today honeycombed with drills which are being used to search for oil and gas and are finding it in tremendous quantities. I started through that part of the country a little over 25 years ago with the idea of visiting the northern section. I stopped one night at the Ranchmen's club in Calgary. The next day I was taken to see what I thought was the burning bush. I did not realize what it was. Finally I was told it was caused by gas forced up from the earth under tremendous pressure. It was rising into the air to a height of ten feet or more and then bursting into flames. When I saw it that night it was illuminating the heavens for miles. I thought at that time if it could have been harnessed and pipe-lined—of course I had never heard of a pipe line then for gas or oil—there was certainly enough pressure behind the gas to blow it through any pipe line clear down to the maritimes. I am not an engineer, but the quantities of oil and gas in the western provinces are one of the great resources of Canada. The eyes of the world are focused on the western provinces of Canada because of their gas and oil.

It is really wonderful, but when I saw the gas being wasted there I never conceived that anything would come out of it. However, capable engineers and men who knew their business turned the gas back down into mother nature's bosom, and there are countless cubic feet of it there ready to be made use of by those who want to speculate in the procuring of gas as well as oil.

By way of a little diversion, I might say that I extended my trip farther north. When I got into the north I commenced to realize what wonderful natural resources were there. I had seen this sprinkling of gas and oil, but when we got into the north I saw great farmlands. Further north one could see the waterfalls scattered all over the country which would be little Niagaras once they were harnessed. With the west now opening up due to the oil and gas developments, the day is not far distant when these waterfalls will be harnessed.

This Bill No. 62 is presented for the purpose of piping this natural product down as far as Winnipeg, then south into the United States. If we had a surplus of gas, as I said the other night, that would be all right. We have to look after ourselves and take a leaf out of the book of success of the United States; namely, Canada first for the products we need. Let us consider the provinces of Ontario and Quebec for a moment. At the present time Ontario is crying for more power, notwithstanding the considerable amount of power already developed in that province. Look at Ontario from a manufacturing point of view, and you will see what has been done with the power. Ontario may be small in population, but it is growing; and why? It is because of this power;

and if Ontario can get more power there is no limit to what her manufacturing industries can do, not only for Ontario itself but for the rest of Canada as well.

A few years ago the population of my province used to start off for the New England states in order to look for employment. Where are those people going today? The majority of them are going to Quebec and Ontario, simply because of the industrial development of those provinces. Thousands of people are finding employment there. If cheap power is obtained, more factories will be built. If Ontario cannot get this cheap power some other form of power might be obtained; but I for one would favour subsidizing the producers in order to make the power available at a lower price as long as it would be used for manufacturing. If there is manufacturing in a province, it develops the whole province. It does more for the farmer than anything else, because the labourer must be fed and well fed. It is good for the lumberman also because more houses must be built. Manufacturing carries with it, in a province like Ontario, something that will develop not only that province but the whole of Canada.

There is not much more I desire to say about this measure. I should like to mention one thing; that is, if Canada has these great natural resources, as we know she has, let us endeavour to develop them in the interests of our own people and our own country. That is the most important thought in connection with the bill that is before us. I am going to vote against this bill, because if gas is required in one or two of our provinces those are the people who should have it. I am very anxious also to find out how many of these men who are in favour of this bill will produce arguments to show why the gas that is being produced should be sold to some other country when it can be used more profitably in Canada. The building of this pipe line will provide employment, as will its maintenance. As I said earlier, let us look to Canada first; and I hope the men who will be speaking now, especially those on the other side of the house, will give their reasons for being in favour of it. Some of them seem very anxious to have this bill passed.

Up until this evening there have been some wonderful speeches on this bill, and wonderful arguments used. I am glad, Mr. Chairman, to say right now that I shall vote against this measure if it comes to a vote. Let us keep the gas at home, and let us think in terms of the slogan we should have: Canada first and Canada for Canadians, as well as all those we can bring in as long as we can provide employment for them.

Mr. Cardiff: Mr. Chairman, I hope if I diverge a little bit from the pipe line that I shall stick to the gas. I am speaking against this bill tonight because I feel that it does not give Ontario any chance to get gas from this particular line. As I understand it this bill is being sponsored by the Fish Engineering Corporation, and the company only proposes to build a 16-inch pipe line. It would start in Alberta, go through Saskatchewan and Manitoba to Winnipeg, then south to the United States. That is not going to do Ontario or Quebec any good. I feel that we should have a line that will come to Ontario and serve this province as well as Quebec.

From what I have learned in the committee this company has no intention of building a line from Alberta through Saskatchewan and Manitoba unless it goes to the United States. A question was asked in the committee as to whether it was the intention of the company to build a pipe line in the provinces of Ontario and Quebec, and the answer was that it was not the intention to do so. If they are not going to build this pipe line past Winnipeg I do not see any reason why we should vote for it.

Some years ago when I entered the township council my sole purpose was to see that everything possible was done for my own township. Then in later years I became reeve of the township and went to the county council. I then had to raise my sights and do all the things necessary to support all the municipalities that went to make up the county to which I belonged. From there I came to the House of Commons, and again I had to raise my sights and look to the Dominion of Canada. I try to see things as others would see them from other parts of Canada. I do not see any good this pipe line will do us if it goes to the United States. I love our United States friends, but I love my own people better than I do the people of that country. I do not see any reason why we should pipe our gas over to the United States until we have been served. We have no reason to believe that gas from Texas will come into Ontario in any guaranteed quantity; and if we are going to get gas at all, we must have a guaranteed quantity before it will do us any good.

That is the reason I intend not to support this bill. Canadians should support their own product. We do not want to be subjected to foreign authority. If we have control of our own product we can have that product when we want it and in whatever quantity we need it. But if we are obliged to depend on a foreign authority we get it only when they want us to have

it. For that reason I think we should support a pipe line that will come through the western provinces and on down through Ontario into Quebec, and will serve Canadians. We want Canada served first.

Mr. Sinnott: The hon. member is talking through his hat.

Mr. Cardiff: My friend says that I am talking through my hat. I have not my hat on, so that statement is not correct. He always makes statements like that when he does not know what he is talking about. As a matter of fact I do not think the hon. gentleman knows how much he has to know in order to know how little he knows.

Mr. Sinnott: Just a minute. I should like to ask one question. Since the hon. member seems to know so much about this pipe line, I should like to ask how many million feet of gas it is proposed to pipe in this line. Can the hon. gentleman give me an answer to that question? Oh, do not ask for any assistance.

Mr. Cardiff: I would say just about as many as the hairs on the hon. gentleman's head. If we could count the hairs on his head, we could pretty nearly tell how many.

Mr. Sinnott: That is about all the hon. member knows about the bill.

The Chairman: Order.

Mr. Sinnott: The hon. member had better cut out the personalities.

Mr. Cardiff: As I said before—

Mr. Sinnott: What has the hair on my head to do with the bill?

The Chairman: Order.

Mr. Cardiff: —we are not guaranteed any quantity of gas from Texas, and this is the only other hope we have of getting gas in Ontario. If we were assured of getting all the gas we wanted from there perhaps it would change our ideas. For the life of me I cannot see why Alberta would want to export gas before Canada was served first. I am one of those who believe in developing our own country and in using our own products as much as we can. By using the gas from Alberta we certainly will help our own people much more than we would by importing gas from the United States. We know that if, with regard to gas we do not get any more support from the United States than we have had with regard to the seaway, we are not too well assured that we shall get any gas at all other than as they want to give it to us. For that reason I intend to vote against the bill. I will, however, support a pipe line that will come right down through Ontario and serve Canadians in this end of the dominion, rather than one that will come part way down, then turn off to the south to serve our United States friends.

(Translation):

Mr. Balcer: Mr. Chairman, the bill now before the committee deals with the exportation of natural gas and oil products from the province of Alberta.

This is one of our most important natural resources. Well, everybody is aware of the usefulness of natural gas, first as a fuel and also as a raw material which can be put to a thousand different uses in industry. Every province in Canada, from Newfoundland to the Yukon, has need of it and wants it, and in none of them it is to be found in sufficient quantities, except in Alberta.

This natural gas, which can be used both for cooking and heating, is indeed an extremely useful product, as I had the opportunity to see for myself during a visit to Calgary. I was then able to make a comparison between prices paid in the province of Quebec and Eastern Canada for fuel like coal or electricity, with prices paid for natural gas, and I noticed a great difference in the cost of cooking meals and heating houses.

We are all happy to see that Alberta abounds in such an important natural resource. We are proud to find that one of our provinces is blessed with such wealth, to such an extent, in fact, that a short time ago the prime minister of that province went so far as to predict that within ten years the people of Alberta would not have to pay any more taxes and that the provincial debt would be wiped out. To my mind this defies imagination. At any rate, very few people could foresee this state of affairs ten or fifteen years ago.

I hope to see Alberta reach this degree of prosperity. I am happy to see that today they are in a position to share with the people of other provinces these magnificent and superabundant natural resources.

We see that this province is ready to export natural gas and even oil in substantial quantities. As a matter of fact, as experts discover new fields the government of that province are willing to authorize the establishment of pipe lines which will make it possible for other parts of this country to benefit from them. That was evidenced quite recently when the Alberta government authorized a company to export large quantities of gas from the Peace river valley to southern British Columbia. We have seen what reaction this has brought about, since Alberta's neighbouring province considers this product very important. This we have been able to

ascertain by the speeches of the various members from that province and by the very exhaustive survey of the matter made by certain members, including the hon. member for Vancouver-Quadra (Mr. Green) who has always fought to preserve for the Canadian people natural resources which belong to them and from which they are entitled to benefit before the peoples of other countries and especially of the United States.

The bill now under consideration specifies that exports of natural gas must go first of all to the provinces of Saskatchewan and Manitoba. I am convinced that the members of this house will be delighted to know it is now possible to supply this fuel with such great industrial potentialities to provinces which really need it. As a matter of fact, everyone will recall the various representations made in this house by members from Saskatchewan, for instance, when they urged the government to exert pressure upon Canadian industrialists to make them build factories and develop a practically non-existent industry. We have all, on several occasions, seen members from the prairie provinces exert pressure upon the Minister of Defence Production (Mr. Howe), asking him to do everything in his power to decentralize our industries, so that the prairie provinces should not be dependent upon a single crop, the wheat crop, a very important one, but one which nevertheless cannot make for a stable economy in the western provinces.

However, the unfortunate thing about the bill now under consideration is that, once the proposed pipe line will have crossed into Saskatchewan and Manitoba, nothing indicates that it will continue towards the other provinces of this country, thus enabling other segments of the Canadian people to benefit thereby. On the contrary, we see that, in the English version of the bill, it is the intention of the promoters to lay their pipe line in Saskatchewan or Manitoba or outside of Canada.

As you may have judged by the remarks of those who spoke before me, therein lies the basis of this whole discussion, for it is evident, from the study that has been made of the natural gas situation in that province and the different speeches we have heard in this house on the subject, that, in the national interest, only one pipe line can be built from Alberta to eastern Canada.

It would be unfortunate if this house were to encourage a company to use its powers to build a pipe line which, after crossing the city of Winnipeg, would immediately turn towards the southern United States, where it would supply American centres which may need that gas, for there is no doubt that cities like Chicago and Cleveland, for instance, have a pressing need for gas, as have also the other great industrial centres of the world. But it would be unfortunate it we were to supply those large cities with gas at the expense of our own large cities and our own industrial centres.

Besides, if no pipe line is built from Alberta towards the east, the provinces of Quebec and Ontario will have to depend on the United States for supplies of that product. The hon. member for Vancouver-Quadra was quite right in pointing out that those provinces will have to overcome all kinds of technical difficulties and will have to go begging from various governmental commissions in the United States, who will grant them very small quantities of natural gas, but only after the remaining large American cities have been taken care of.

The provinces of Quebec and Ontario, it is said, could very well get their supply of natural gas from companies in Texas and from other large natural gas centres in the United States. But they forget that cities like Philadelphia, for example, which is situated practically half-way between Texas and Canada, if not even farther south, are not yet properly taken care of and bring pressure to bear on the government or on any governmental agency concerned with the distribution of that product, so that they may be looked after before anyone else.

And so it is rather fanciful to rely on the utopian proposal according to which our central provinces, Quebec and Ontario, should get their supply of natural gas from our American neighbours.

Anyhow the situation has been weighed very aptly by the governments of the provinces of Quebec and Ontario. They have both stated clearly their respective policies in the matter. May I be allowed to quote in that connection an article which appeared in the *Star* on March 29 of this year:

> Quebec was in favour of importing natural gas from Alberta rather than from Texas, he said, to support Canadian industry. He said representatives of United States and Canadian pipe line construction firms had been in touch with him about the possibilities of exporting natural gas.

Boundary Pipeline Corporation

The premier said nothing had yet been decided as to whether pipe lines would be built or not into Quebec province. But he said, if natural gas is to be imported it will not be United States gas.

The premier said Quebec preferred to import the gas from Alberta because it was preferable to support a Canadian industry, not subject "to a foreign authority."

So much for the policy of the Quebec government, which, I think, is to be congratulated. This also applies to the province of Ontario, as can be seen from the statement made by the minister of mines of our sister province, who said, according to the Vancouver *Province*, of January 22 of this year:

Hon. W. S. Gemmell, Ontario Minister of Mines, said at a press conference that "our policy is going to be to encourage a trans-Canada pipe line both as a source of fuel for Ontario and Quebec and as a national defence safeguard."

"We see no other answer than an all-Canadian pipe line."

Mr. Gemmell made it clear the Ontario government backed the principle of the pipe line but no individual company, although the Trans-Canada Pipe Line Company has made the only application to the board of transport commissioners to build the line east.

Mr. Gemmell said Ontario backed a trans-Canada pipe line because of uncertainty of supply under the proposal to bring United States gas into Ontario. Such supplies would be subject to export permit rules of the United States federal power commission.

Besides, the views expressed by the prime minister of the province of Quebec and the minister of mines of the province of Ontario, both speaking on behalf of their respective governments, were reproduced in every newspaper in these two provinces and received favourable editorial comment in most of the leading papers of these provinces.

It would be most regrettable if the Canadian government, in its desire to hurry matters, took a step which would be actually detrimental to Ontario and Quebec, because this bill, if it were adopted, would place those two provinces at the mercy of the United States. Even if the American gas production were intensified, the United States require such large quantities that we need not hope that the American companies will ever let us have more than a very small share. By passing this bill, we would act against the best interests of Ontario and Quebec.

I am surprised to see that the only member from my province who took part in this debate is the member for Chicoutimi (Mr. Gagnon); he stood up for the industries of Quebec and endeavoured to prevent the government from making a blunder. If today Alberta's natural gas does seem to be rather out of reach, it must nevertheless not be forgotten that in a not too distant future we would have cause for bitter regret. If Ontario and Quebec, but especially the latter, possess water power which might have appeared well-nigh inexhaustible at the turn of the century, we now have harnessed more than half of these resources because of the industrial expansion of the last few years and of the constant demands made upon our supplies of white coal. Already, in their wisdom, our leaders have looked to a new fuel which the industries of the province of Quebec may well put to such wonderful use.

Last year I took part in a pipe line discussion. I did so because I wanted to follow a Canada first policy, a policy which has always been that of this party. And, Mr. Chairman, I would very much like this house never to lose sight of this Canada first motto.

Before exporting our natural resources, before allowing companies or gentlemen of fortune to waste, export or use up our natural resources to the detriment of the Canadian people, I believe it to be the duty of every member of this parliament to ensure that these natural resources, whatever they are, and especially a natural resource as interesting and as potentially rich in industrial uses as natural gas, shall always be developed to the advantage of Canada.

We may possibly be able to export our natural resources but before doing so, we must see to it that we ourselves have been generously served. We must see to it that we export nothing but our surpluses.

Before I conclude this speech, I wish to thank the hon. members from the other provinces and especially the hon. member for Vancouver-Quadra who have come to the defence of the Quebec consumers. They did not hesitate to stand up and protest strongly against the adoption of this bill while bringing forth indisputable arguments to the greatest advantage of the population of my province.

I feel that the hon. members from other provinces are to be commended for coming to the rescue of the population of Quebec, in order to protect its industrial future and ensure that all the great natural resources which our country possesses in abundance will always be developed in the best interest of the people generally; we must always think about Canadians first.

For these reasons I shall consider it my duty to vote against the adoption of this bill. I was glad to lend assistance tonight to the other hon. members who have stood up and protested, and I hope that the remarks made by the speakers who opposed this bill will bear fruit and that we will not witness such a colossal blunder in this house.

Mr. Gauthier (Portneuf): May I ask the hon. member a question?

Mr. Balcer: With pleasure.

Mr. Gauthier (Portneuf): Is the bill on which the hon. member spoke so eloquently a government bill or a private bill?

Mr. Balcer: The energy with which members on the government side tried to crush any criticism of the bill in the committee has shown that if this bill is not a government measure it has at least a lot of supporters amongst them.

Besides, the silence maintained by the Quebec and Ontario members on the government side in connection with a bill which would deprive their respective province of the use of so valuable a product indicates that if the bill is not a government bill its supporters make it practically a bill of their own.

Mr. Gauthier (Portneuf): Just as the hon. member has made it exclusively a provincial measure by praising his leader, Mr. Duplessis.

(Text):

Mr. Hees: Mr. Chairman, the question we have to decide on this bill is whether it is preferable to have a small gauge pipe line delivering gas to southern Saskatchewan and Manitoba, which would be the case if the Boundary Pipeline bill went through, or whether it would be preferable to have a large gauge pipe line such as Western or Trans-Canada delivering gas to the people in southern Saskatchewan and Manitoba, as well as the people in eastern Canada, all at a far lower price than would be possible through the small gauge pipe line which Boundary would lay down. The reason the two large gauge pipe lines could deliver gas more cheaply in southern Saskatchewan and Manitoba is the greatly increased volume of gas which they could carry. In the case of Western Pipe Lines, gas would be delivered to the northwestern United States in exchange for an equal volume of gas to be delivered from the southern United States to eastern Canada. In the case of Trans-Canada Pipe Lines the gas would be delivered direct to eastern Canada over an all-Canadian route. It is obvious that the greater volume of gas carried by a pipe line, the cheaper will be the gas which will be taken from it at the intermediate points.

At the present time sound economics in the operation of a major pipe line running eastward from Alberta requires the inclusion of the markets of southern Saskatchewan and southern Manitoba, in addition to the much larger markets of the provinces beyond the prairies. If the prairies market is captured by a company like Boundary operating on a relatively small scale it will rule out for some years to come an economically sound large-scale pipe line to deliver gas to eastern Canada, either by a direct route from Alberta to eastern Canada running through Canada all the way, or by the use of the exchange principle I have outlined.

Another objection to the Boundary project is that it would provide only a limited market for Alberta's gas resources and would thereby impede the development of Alberta's gas and petrochemical industries. For these reasons I believe the Boundary project is neither the best means of getting cheap gas to Saskatchewan, Manitoba and eastern Canada nor of assisting in the development of the Alberta gas industry. Therefore I intend to oppose the bill.

We must ask ourselves: What is the best means of developing Alberta's gas and petrochemical industries and of getting the cheapest possible gas to southern Saskatchewan, southern Manitoba and southern Canada? Gas from the southern United States delivered to eastern Canada under the exchange principle would be considerably cheaper than Alberta gas delivered by a trans-Canada route to eastern Canada. The reason is the long haul from Alberta to eastern Canada and the fact that there are few take-off points available over this route. For that reason I believe the government should approach the government of the United States as soon as possible to see if a long-term gas exchange agreement cannot be worked out.

The Chairman: I think the hon. member is going outside the scope of the bill. I do not think we ought to be concerned over what is the best and cheapest route to bring gas from Alberta to eastern Canada. That is a matter for the company asking for incorporation. This is a private bill and I do not think the hon. member should suggest that the government should enter into an agreement with the government of the United States.

All that we should be considering at the moment is the bill before the committee. May I take advantage of this opportunity to say that a general discussion has taken place on the first section of this bill during the last twelve hours during which private bills could be considered. We have spent almost eight hours in a general discussion of that section. I think it will be admitted that so far hon. members who have taken part in this general discussion have been allowed ample latitude, and I think from now on the rules should be observed. I am sure hon. members will want to co-operate in observing the rules and will speak directly to the bill.

Section stands.

Progress reported.

Mr. Deputy Speaker: The hour for private and public bills having expired, the house will resume the business which was interrupted at six o'clock.

BOUNDARY WATERS TREATY ACT

AMENDMENT TO INCREASE MAXIMUM SALARIES OF MEMBERS OF CANADIAN SECTION OF INTERNATIONAL JOINT COMMISSION, ETC.

The house resumed consideration in committee of the following resolution—Mr. Pearson—Mr. Beaudoin in the chair:

That it is expedient to introduce a measure to amend the International Boundary Waters Treaty Act to increase the maximum salaries of the members of the Canadian section of the international joint commission; to bring the secretary and all other employees under the provisions of the Civil Service Act; and to provide that all expenses incurred in carrying out the provisions of the act and the treaty shall be paid out of moneys appropriated by parliament for the purpose.

Mr. Graydon: Unfortunately I was out of the chamber during the first part of the minister's explanation of this resolution and there are one or two points about which I should like to inquire. Perhaps the minister will not mind answering them, because I have not had an opportunity of reading today's *Hansard*. As I understand it, it is proposed to raise the maximum salaries to be paid the commissioners to $15,000.

Mr. Pearson: The bill will establish a maximum of $15,000 for the chairman and $10,000 for the other members of the Canadian section. Salaries would be established within those maximums by order in council. It does not necessarily mean that the salaries will be set automatically at $15,000 for the chairman and $10,000 for the other members.

Mr. Graydon: Is it the intention of the government to proceed on that basis and pay the chairman $15,000 and the other members $10,000 each?

[The Chairman.]

Mr. Pearson: It is the intention of the government to recommend that the chairman be paid a salary of $15,000 and the members $10,000 each. It is for the present membership of the commission that it will be recommended that these salary scales should be established. With respect to the chairman of the commission, he is of course entitled to receive a substantial pension from the government now so that the additional amount from the public treasury will be the difference between the pension to which he is entitled and the $15,000, if that amount is adopted.

Mr. Graydon: I take it then that in the case of the chief commissioner the total amount he will receive will be $15,000. I never feel very happy raising questions about people's salaries. I do not suppose anybody in the house is anxious to do that, because there are always personalities involved. I think the committee will understand that so far as I am concerned that is the most remote thing in my mind with respect to the principle involved in the legislation. With reference to the work of the international joint commission, up to the present time of course it has not been often involved in what one might term major undertakings. In the details of the estimates respecting the international joint commission, which were considered by the standing committee on external affairs, one finds that their work is fairly well confined in the present fiscal year to studies and surveys of the mid-western watershed, an investigation into the matter of air pollution in the vicinity of Detroit and Windsor, the Niagara Falls reference and the Saint John river reference.

Some of these projects of course have been under way for quite a long time. I have no doubt that in their own sphere they are very important matters. However, with respect to the composition of the commission one notes that there are three commissioners, one secretary, one engineer, an administrative assistant, one clerk grade 4, two stenographers grade 2B and one stenographer grade 1, which may indicate the amount of work involved from an administrative and secretarial point of view.

There is one question I wanted to raise. I refer to the bits and pieces approach to the matter of raising of salaries generally. I do not want it to be understood for a moment that I am concerned particularly about the personnel of this commission. I do not want anything I say to reflect upon them, but it seems to me there is something wrong in our

approach in parliament to the question of salaries of this nature. When one considers the heavy responsibilities of cabinet ministers not only in their own departments but in parliament and also in the international field; and when one couples with that the fact that they also have their constituencies to take care of, it makes one wonder whether or not their salaries are not sometimes completely out of line with the salaries we pay to certain other people in the government service.

In this particular case we are raising the salary of the chief commissioner to a level almost equal to that of a minister of the crown. There may be very good reasons for that, but it seems to me that somehow a good look should be taken at the whole picture throughout the government service. I am not suggesting that in most cases people are overpaid in any way, but so far as the salaries paid to cabinet ministers as compared with those paid to others employed in the service are concerned there is certainly a very great difference in responsibility and very little difference in the return.

I know that the minister cannot comment because he is one of those involved in what I am saying, and I do not expect any comment from that quarter. However, I think there comes a time when these things do get out of line. The Prime Minister's position is another instance. It seems to me that he does not receive as much money as some people who are employed by the government. I suppose if I were out on the hustings in an election campaign and somebody said, "Well, is he worth it?", I might be tempted to keep quiet when that question was asked.

Mr. Fournier (Hull): You would not do that.

Mr. Graydon: But I think in the house we have to take into consideration the responsibilities the Prime Minister carries.

Mr. Fournier (Hull): You would not do that.

Mr. Graydon: If it were my hon. friend I certainly would not keep quiet. In any event when you compare the Prime Minister's salary with those paid to certain other people, and when you contrast the responsibilities they carry, I think the Prime Minister's salary is out of line. I think most members of the house would say that it is out of line. I am not arguing for an increase in the Prime Minister's salary nor in those of other members of the cabinet, but I think we ought to stop and take a good look whether or not we are being fair right across the board to those who have the heaviest and most serious responsibilities of government and administration. I have taken the opportunity tonight on this occasion to raise this subject because it seemed to me that it provided an opportunity to say what I have been thinking for a long time. As I said, I do not want it to be taken that I have singled out this particular item because of the personalities involved. That is the furthest thing from my mind. Now I should like to say something about the work of the international joint commission. I was pretty disappointed a couple of years ago on an occasion when I thought we should have had one of the members of the international joint commission appear before the external affairs committee respecting the flood in the Red river valley. It was a matter of very grave importance but the committee decided they were too busy. Apparently they have been busy ever since, because we have never at any time had a member of the commission appear before the committee. It was represented at that time that they were so busy in the field it was not possible for them to come.

If the international joint commission is doing a major job in Canada I think we ought to examine that job in order to see what they are doing, what the extent of their work is and, more than that, what the future of the commission itself ought to be. Very few commissions or departments of the government have had less publicity and less investigation of their work than the international joint commission. I hope that as time goes on an opportunity will be provided to investigate the work of the commission and see what they are actually accomplishing and achieving. I think it is only fair to say that the international joint commission may of course be faced with more serious and heavier responsibilities in the very near future in connection with the St. Lawrence seaway reference and also the question of erosion. In that connection I should like to say to the minister that it seems to me it takes a long time before any conclusion is reached on these references to the international joint commission. What little experience I have had in connection with them would indicate that it takes a very long time to get any decision.

One problem with which we are faced in my province at the moment is the question of lake levels. I understand that is being referred to the international joint commission for some action. I suppose by the time the commission renders a decision the lake levels will have gone down from natural causes, and we shall never find out why the water went so high. I want to suggest to the minister that careful consideration ought

to be given to just how efficient this commission is and how comprehensive their work is, in view of the fact that this amendment is to be made.

I want to mention as well the act which established the international joint commission. That act was assented to on May 19, 1911, by the parliament of Canada. It set out of course the purposes and the extent of the jurisdiction of the commission. Altogether it is a rather comprehensive act which has to do with a waterways treaty, of course, for which the commission was originally set up. The minister may have spoken about this matter before I came in, but I am wondering whether he intends to make a complete review of the whole act, which has been in operation now for 41 years, or whether he is only going to make the one change which the resolution seems to envisage, dealing with the question of salaries and the basis of the employment of certain people in that commission. I should be glad to have some information from the minister on that point.

Mr. Knowles: When this matter was before us at six o'clock I expressed the hope that the minister would give us the reasons as to why the government feels these salary increases should be provided, as well as the reasons for the other changes indicated in the resolution. I hope, in view of what the hon. member for Peel has just said, the minister will do that when he speaks again. I think it is fair to the minister to say that in his introductory statement all he did was to tell us what changes were envisaged by the bill to be based upon this resolution. He indicated that at the present time there are maximum salaries of $7,500, as set out in the statute of 1911, and that the amending bill would provide a maximum of $15,000 for the chairman of the commission and a maximum of $10,000 for the other two members on the Canadian side.

Similarly he indicated that it would raise the amount that could be paid to the secretary, and that it would make provision for the staff to come under the civil service, as well as for the expenditures of the commission to be provided by an annual appropriation. Nowhere in his statement did the minister indicate an increase in the volume of work, increased responsibility or any other reasons as to why these changes should be made. No doubt to the minister there is no argument about it. No doubt he feels this should be done, and has probably already recommended it to the treasury board. However, I suggest parliament should not be asked to approve these increases, which percentagewise are rather great, without being given reasons for doing so.

While I am speaking I should like to ask the minister one other question. He referred to the fact that the salary of the secretary at the present time, according to statute, must not exceed $4,000. I would point out that in the original statute of 1911 the ceiling was $3,000. The change to $4,000 was made by chapter 5 of the statutes of 1914. One other change was made by that statute of 1914. However, it is true, as the minister said this afternoon, that there is at present a statutory limitation which says the salary of the secretary must not exceed $4,000. The proposal is to increase the amount to $6,000, I believe, or rather to bring the secretary under the civil service. But in the estimates now before us on page 15 one finds a general item for the international joint commission, and then is referred to page 171 where it appears that we are already being asked to appropriate the sum of $5,088 for the secretary. I checked with last year's estimates and found it was the same figure. I should like to know, justifiable though it may be, why the secretary should get a larger amount when the statute says his salary must not exceed $4,000. I should be glad if the minister would answer that point at the same time he gives reasons for these proposed increases.

Mr. Pearson: If I did not deal with these questions before six o'clock it was not because I thought there was no argument about them. I agree there should be argument in the house about every proposal to increase salaries and amend statutes. The only reason I did not refer to the matter then was because I thought it was probably better to deal with such questions when we were in committee. I am quite happy to answer some of them now.

The question raised by the hon. member for Peel, and also referred to by the hon. member who has just spoken, about the justification for increases of this kind becomes very important. I listened incidentally, Mr. Chairman, with great interest to some of the observations of my hon. friend about salaries generally and the necessity of trying to keep them on a comparable basis. Some of those observations which dealt with cabinet ministers' salaries, for instance, may have evoked a warm response within me, but it is a matter about which it would be improper for me to say anything, as the hon. member himself indicated. I should like to add that whatever he may say about the Prime Minister outside the house, we shall always recall with gratitude the estimate of the high value

of the Prime Minister's services which he has made inside the house, and with which we agree.

It is quite true, as the hon. member has indicated, that this question of the salaries of different officers should not if possible be dealt with piecemeal. Indeed it is not, because there is a continuing review of these salaries, and there has been an effort to bring them all up to a reasonable level in view of changed conditions. That was the case with this particular commission, and the salaries of its chairman and its members. The work of the international joint commission has grown in value and in importance over recent years. I do not think there is any doubt about that. I believe I could confirm that statement by a comparison of the references which are now before this commission with those which were before the commission eight or ten years ago. The hon. member for Peel mentioned only a comparatively small number of references. If hon. members will recall the annual report of the Department of External Affairs for 1951, on page 19 there is a chapter devoted to the work of the commission, which shows how important and how widespread are the references which are now before it.

The main reason it is proposed that these salaries be increased is because of the increased work, and the increased importance of that work, as well as the fact that a salary which might have been appropriate in 1911 might be considered not so appropriate in 1952. I think I am right in saying that until fairly recently the work of the members of the international joint commission has not been such as to occupy all the time of the members of the commission on either the Canadian or the United States side. But certainly that is not the case now. It is now a full-time job for all the members, as even a cursory survey of the work now before the commission would show. For instance, at the present time there is before the commission a reference on the pollution of boundary waters; the Sage creek reference; the Niagara river reference; the Saint John river reference; the question of atmospheric pollution; the Souris-Red rivers reference; the Waterton-Belly rivers reference, which is an extremely important one; the Columbia river reference; the flood control projects on the Okanagan river; the Kootenay river projects; the project to construct a dam near Waneta, British Columbia, to say nothing of the St. Lawrence reference which we hope will be before the commission shortly and indeed the reference on lake levels to which the hon. member for Peel has referred, and which we are trying to work out with the United States government at the present time in a form which is satisfactory to both governments. One of our preoccupations in that attempt is to make sure that a reference of this kind, of such great importance, will not get in the way of or unnecessarily postpone the St. Lawrence waterway reference which will include proposals fundamentally related to the control of lake levels.

I therefore think it is fair to say that the work of the commission has grown in volume and in importance. A proposal of this kind that the salaries of the members of the commission should be increased is not merely a recognition of changed conditions since 1911 but also a recognition of the growing importance of this work.

Mr. Fleming: Will the minister permit a question?

Mr. Pearson: Yes.

Mr. Fleming: The minister has given a list of references before the commission. Will he indicate at what stage they are at present? Some of them may not be advanced to the stage where they are actually imposing heavy duties on the members of the commission as such.

Mr. Pearson: I think I can say that these references are in fact imposing extremely heavy duties on the members of the commission at the present time. I know it is hoped by the commission to clean up as many of these references as possible before the other questions of the St. Lawrence waterway and the lake levels have to be considered.

Some reference was made by the hon. member for Winnipeg North Centre to the proposal in this resolution that the salary of the secretary of the commission be altered by raising the maximum to $6,000. He called attention to the fact that in the estimates there is at present, I believe, an item which would indicate that the present salary is above the present maximum of, I think, $4,000. I had, of course, noticed that discrepancy myself. On making inquiries as to the reason for it I was informed that in November of 1946 the then Secretary of State for External Affairs inquired of the Department of Justice as to the position of the secretary of this commission in relation to the Civil Service Act. The information which was secured on this matter is contained in a letter from the then Secretary of State for External Affairs to the chairman of the Canadian section of the international joint commission. Perhaps I might read from that letter. I think it will be an answer to the

question raised by my hon. friend. This letter, which is dated November 29, 1946, reads as follows:

It is true that originally authority for appointing a secretary to the Canadian section of the international joint commission may have been vested in the said Canadian section. This would appear to be justified by the wording of article 12 of the Boundary Waters Treaty of January 11, 1909, which was confirmed and sanctioned by section 1 of the statute 1-2 Geo. V., c. 28. Further evidence of this authority can be found in section 7 of statute 1-2 Geo. V., c. 28 as amended by 4-5 Geo. V., c. 5, section 2.

However, this power of the Canadian section appears to have been repealed by 8-9 Geo. V., c. 12, section 53 (Civil Service Act 1918).

53. "Subject to the provisions hereinbefore contained . . . the power under any statute of any board or commission situated at Ottawa either with or without the approval of the governor in council, to appoint or promote any officer, clerk or employee . . . are repealed."

On 19th November, 1918, Mr. Newcombe, then deputy minister of justice, expressed the view that the officers and servants of the Canadian section of the international joint commission are a part of the civil service and as such subject to the provisions of the Civil Service Act. This view has now been confirmed by the acting deputy minister of justice by an opinion dated 12th November.

From the foregoing, it would appear that the appointment of a secretary of the Canadian section of the international joint commission must be made pursuant to the provisions of the Civil Service Act with which you are undoubtedly familiar.

Therefore I suppose that strictly speaking, Mr. Chairman, it was not necessary to amend this act to deal with this question of the secretary's salary; but it was felt that it was desirable to do so in order to bring it in harmony with the other act. That is why that situation arose.

Mr. Knowles: Mr. Chairman, I appreciate the answer the Secretary of State for External Affairs has given to this point. However, it is a bit disturbing when one discovers on an occasion such as this that we are paying, through the estimates, a salary in excess of what the statute allows. It makes one wonder if there are any other cases like that scattered through the estimates. Maybe not. Maybe this is the only one. But here is one that we have not known about, and it has come out in this way.

I was going to say this to the Secretary of State for External Affairs, when he read that letter. If that was the case, namely that it had already been decided that the secretary of the international joint commission is a civil servant rather than an appointee of the international joint commission, why should there be the provision in the resolution now before us that the secretary and other employees are to be brought under the provisions of the Civil Service Act? I would presume that when this resolution which is now before us was drafted, the drafters must have known of that matter which came to light in 1946. All I can suggest at this point is that this proves the desirability of fairly close scrutiny of things of this kind by members of the House of Commons.

I hope that there is not too much of this sort of thing going on; that is, statutory provisions being altered by means of getting some decision from justice or somewhere else that the statute does not really mean what we have always thought it to mean. When this resolution now before us was drafted, apparently it was thought by whoever drafted it that the secretary is not covered under the provisions of the Civil Service Act, because the drafter of this resolution said that the secretary should be covered. Now when we complain about the fact that we are already paying this secretary more than the law allows under the statute of 1911 as amended by the statute of 1914, the Secretary of State for External Affairs says the secretary does not come under the provisions of the Civil Service Act. That is not being unduly critical of the Secretary of State for External Affairs because, from what he said, I imagine that he discovered the same disparity I discovered. He apparently, on his own initiative, made the same sort of inquiry that I have been making here on the floor of the committee. I cite this as an example of the need for pretty close scrutiny of these financial matters by members of the House of Commons.

Mr. Graydon: Has the auditor general drawn this to the attention of the government at any time to the minister's knowledge?

Mr. Pearson: I think reference is made to the secretary's salary in one of the auditor general's reports; whether it is in this context, I am not sure. But I should like to add that there is nothing sinister in this matter. The fact that the salary of the secretary was established in the original act and that a subsequent act of parliament in essence repealed that particular provision merely means, as I understand it, that the secretary's salary has been paid subsequently by virtue of the Civil Service Act provision which, according to an opinion of the Department of Justice, has in fact repealed the earlier provision; and the bill which will be based on this resolution will make that clear.

Mr. Murray (Cariboo): I should like to point out the very great importance to Canada of safeguarding our water resources, which on the west coast begin with the Skagit river.

The Chairman: I am sorry to interrupt the hon. member, but this resolution should not serve as a pretext to discuss the safeguarding of our waterways. This resolution deals merely with the International Boundary Waters Treaty Act and maximum salaries of

the members of the Canadian section of the international joint commission, and to bring the secretary and all other employees within the provisions of the Civil Service Act.

Mr. Murray (Cariboo): I bring that out to show the importance of these men who are charged with that responsibility. They should be men of the very highest quality and character, because they are charged with safeguarding one of our greatest resources, particularly in the west, where these waterways originate in Canada and are used in the states of Washington, Oregon and Montana for the development of power and irrigation. I refer to waters flowing from and having their source in Canada. That is true right across Canada, and in the north where the Yukon river is a potential source of power for proposed industry in the territory of Alaska. We must have men who are experts to safeguard our interests where international waterways are concerned.

Mr. Browne (St. John's West): Until we had an explanation from the Secretary of State for External Affairs that this commission is now very busy, it was very hard to understand why we would want to increase their salaries or make the extension proposed by this resolution. I notice in the list of submissions that are before the commission, which the minister set out, he mentioned the pollution of boundary waters. I hold in my hand a report of the international joint commission of the United States and Canada on the pollution of boundary waters, and I note from that report that they were requested by references made to them by the governments of the United States and Canada in April, 1946, to make an investigation. They immediately referred it to experts and technical advisers who reported to them on August 24, 1949. On that date they made their report to the commission and the commission made their report in October, 1950. It took them fifteen months after they received a report from the experts before they sent the report to the government, and that report was not published until 1951.

The minister admitted that until recently he did not think the commission had very much to do. I do not say he used exactly those words, but he certainly gave the impression that they were not overworked. He now says that they have all these references. What has been done with regard to the references? Where are the offices of this commission? Are they situated in Ottawa? Are they holding inquiries all the time? I was under the impression that they did not seem to be holding many hearings during the five years this inquiry was going on, and on which a report was made.

As has been pointed out by the hon. member for Winnipeg North Centre, the resolution proposes to bring the secretary and other employees of the commission within the provisions of the Civil Service Act. Some of these are temporary employees. Is it the intention to bring temporary employees under the Civil Service Act? I understand that this year an engineer has been added to the staff and one or two other officials. There are four permanent positions, including the three commissioners. These other members of the staff are temporary. Can the Secretary of State for External Affairs tell us whether it is the intention to bring these three commissioners under the Civil Service Act, with the idea of giving them pensions? How long have they been employed, and how will that arrangement be carried out?

I notice that in the bill there is to be provision that all expenses incurred in carrying out the provisions of the act shall be paid out of moneys appropriated by parliament for the purpose. Surely that is the way it has been done. Is there some other way by which these expenses have been paid, because I notice in the public accounts for 1951 there appears the following item:

> To provide for preliminary studies and surveys of the mid-western watershed, $10,000, expenditures, $7,889.88.

Then the following appears:

> To provide for Canada's share of an investigation on the matter of air pollution in the vicinity of Detroit and Windsor, $40,000, expenditures, $27,052.29.

In the estimates this year there is a vote of $10,000 for the purpose of studies and surveys of the mid-western watershed. In connection with the investigation into the matter of air pollution in the vicinity of Detroit and Windsor, $52,000 is to be voted. I notice in the estimates this year there are two new items. I think the matter of the Saint John river reference has been dropped this year, judging by the estimates. I should like to have some information from the minister.

Mr. Pearson: I should say in the first place that I believe the details of the work of the international joint commission can, I think, be more usefully discussed when we have the estimates of my department up for consideration, and I shall have all these details with me. I just mention that, Mr. Chairman, because there will be another opportunity to discuss the work of the international joint commission.

However, the hon. member who has just spoken has brought up a few questions, and I should like to try to deal with them now in the hope that they will not be brought up

again when our estimates are under consideration. He has asked where the offices of the commission are situated. They are situated in Ottawa. The commission does a great deal of its work travelling around, holding investigations and hearings in all parts of the country and indeed in the United States.

If I said a few moments ago that the commission in earlier days had, as my hon. friend put it, not much to do, I did not want to give the impression that they were idling on the job. I wanted to give the impression that the references they had were not as numerous or as important as the ones they have now. The particular reference quoted by my hon. friend is one example of the work of the commission. I have a feeling that if he studied that reference in detail and had an opportunity to learn something about its complications and difficulties and the work required in negotiations with other governments, not only the United States, because the provinces came into it, he would appreciate that the work was well done and that there was no undue delay.

So far as the staff of the commission is concerned, the bill based on the resolution will merely state that the secretary and other officers, clerks and employees as required for the purposes of this act might be employed under the provisions of the Civil Service Act, so they would all be employed under that act and as such would become civil servants. At the present time there are two permanent civil servants and four temporaries on the staff of the commission.

Resolution reported, read the second time and concurred in.

Mr. Pearson thereupon moved for leave to introduce Bill No. 333, to amend the International Boundary Waters Treaty Act.

Motion agreed to and bill read the first time.

ARMY BENEVOLENT FUND ACT

INCREASE IN RATE OF INTEREST ON MINIMUM MONTHLY BALANCES

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Army Benevolent Fund Act, 1947, to increase the rate of interest from two and one-half per cent per annum to three and one-half per cent per annum on minimum monthly balances to the credit of the fund not in excess of five million dollars.

Mr. Brooks: Will the minister make a statement at this time?

Mr. Lapointe: Mr. Speaker, as hon. members are aware, following a report submitted by a special committee of the House of Commons on canteen funds during the session of 1947, an act was passed to establish the army benevolent fund, from the army canteen and other service funds. This fund is administered by a board set up under the act, composed of five members who sit voluntarily under the chairmanship of Lieutenant General Murchie.

According to the terms of the act it was provided in part that plans would be formulated on the assumption that there would be prospective beneficiaries for 50 years from the establishment of the fund, and the actuarial schedule assumes that the bulk of the expenditures from the fund will take place during the first 30 years at a rate of $400,000 per annum. In fact, the board's current annual expenditures are higher than this sum.

Another section of the act provides that the fund shall be credited with interest at the rate of 2½ per cent per annum, semi-annually, on the minimum monthly balance. With the fund at approximately $9 million at the present time the income from this interest would amount to $225,000. It appears that in order to finance operations on the current basis the board would deplete the capital at a greater rate than is planned for in the present actuarial schedule. Hence if the fund continues to spend at the present rate, and there is no increase in revenue, it will be unable to continue in operation for the 50 years as planned originally.

In order to avoid this, and having regard to the interest rates being credited to other comparable funds now, it would seem reasonable to increase the rate of interest paid on the army benevolent fund to 3½ per cent; and this it is proposed to do.

Another amendment is proposed to the act. Members of the board have recommended that, should persons interested in the welfare of army veterans wish to make donations or bequests to the army benevolent fund, the board should have authority to accept such donations or bequests. This authority the board does not possess at the present time. The amendment proposed would permit to credit such receipts to the army benevolent fund. It has also been found that some veterans to whom grants have been made voluntarily offered to refund such grants. Under the act as it stands at present such refunds go to the consolidated revenue fund, and not to the army benevolent fund. Similarly, any recovery of sums that may have been obtained through fraud or misrepresentation at the present time fall into the consolidated revenue fund. This other amendment would make it possible for such recovery to benefit the army benevolent fund itself.

I do not think there is anything further I wish to say, at this time. I would like, however, to take this occasion to express on behalf of the government and the Department of Veterans Affairs our deep appreciation of the efforts of the men who are serving voluntarily on the board, and of the members of the various provincial committees set up to administer the fund in each province. The work and energy they have devoted to this task have been of the greatest value to a considerable number of veterans in this country.

Mr. A. J. Brooks (Royal): Mr. Speaker, I do not think anyone will criticize in any way the resolution before the house. We are pleased indeed to see this increase in rate from 2½ to 3½ per cent so that, as the minister said, the fund may be made available for 50 years, as set out in the act. He also explained, by way of justification for the increase, that the new rate of 3½ per cent is being obtained in respect of similar funds at the moment.

I wish to join with the minister in congratulating those in the different parts of Canada who are in charge of the fund. I know there are boards set up in every province, as well as in the United States and the United Kingdom and, I believe, the Yukon Territory. As has been pointed out, on a voluntary basis these people have been doing good work. I know the disposition and the general administration of the fund has been well handled.

This fund gives relief to many veterans who otherwise would not receive it, because no other source of relief is available to them. I do not think I can add anything more at this time. I was curious to know why the monthly balance to the credit of the fund is not in excess of $5 million. I think under the old act no limit was set, though there is in the present one. Probably when we get into committee the minister will explain just why there is a limitation. As I said at the outset, I think those who are administering the fund deserve our appreciation and thanks for the splendid work they are doing.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, the amendments proposed by the minister are all right; there is nothing wrong with them. They are steps in the right direction, designed to build up the fund; but I have an amendment in my mind which I had in mind when the act was set up and which I am disappointed the minister has not brought in. I refer to the definition of "veteran" in the act, which is that a veteran means a person who was on active service in the military forces of Canada during world war II.

That definition excludes from the benefits of the act many veterans in Canada who served in the auxiliary services and who also saw service in world war I. These auxiliary service personnel were known as supervisors, and they served in Canada not because of their own choice, as they made their services available to the government in any capacity. Most of them were quite willing to go overseas and serve in any capacity in which they might be useful.

However, the government decided at that time to use these auxiliary supervisors in Canada because of their experience. In the great majority of cases the decision as to where they would serve was made by the government. I think it was a mistake to write the present definition into the act when it was set up, and I do not think it was the intention of the government or of the committee to deal out that particular classification because they were granted every other right granted to veterans who saw overseas service in the last war.

These supervisors came from such organizations as the following:

The Canadian Legion war services

National Council of the Young Men's Christian Association

Knights of Columbus Canadian army huts

Salvation Army war services

They served with the army, navy and air force. The acts that have been made applicable to this particular classification are the following:

Veterans Land Act
Veterans Insurance Act
Veterans Rehabilitation Act
War Veterans Allowance Act
Unemployment Insurance Act
Veterans Business and Professional Loans Act
Department of Veterans Affairs Act
War Service Grants Act
Civil Service Act
Pension Act

Every piece of legislation made applicable to the veterans of world war II was made applicable to these supervisors. At the time the act was passed I felt that the definition was too narrow to include many people who in the years that lay ahead might require the benefits available under the act.

Many of these men were in the older age group and were more likely to run into hardships which would qualify them under the act than the younger returning personnel.

I have had many cases of veterans who ordinarily would have been able to qualify for benefits under the army benevolent fund

but who could not because of this definition to which I have referred. I have had considerable correspondence with the officials administering this army benevolent fund, both nationally and provincially, and I know that most of them are sympathetic. I was led to believe that in January 1952 there was to be a meeting at which consideration would be given to broadening that definition and bringing the war service supervisors within the scope of the act. It looks as though the minister has not been advised as to the necessity for that particular amendment, because apparently it is not going to be made.

I was quite pleased when I saw this resolution on the order paper concerning the army benevolent fund. There are three of them. I then thought that the amendment I had in mind was going to be brought in. As I said before, the amendments proposed are fine. They are designed to build up the fund, increase the interest rate and so forth, but I think it is much more important to amend the act in order that deserving people who should have come under its provisions in the first place may be able to receive benefits which the act was designed to provide for veterans who are unfortunate enough to get into circumstances which qualify them for participation in the benefits of the army benevolent fund.

I again suggest that the minister give consideration to changing the definition of "veteran" in the act. As it is now, it is pretty narrow. Unless a change is made many deserving people are going to be left on the outside. The minister was not in charge of the department when this act was set up, and possibly he did not know much about it at that time. I think it is axiomatic that supervisors should be included within the provisions of this act because every other piece of veterans legislation has been made applicable to them. I think there has simply been an oversight on someone's part.

The Minister of Veterans Affairs (Mr. Lapointe) and the hon. member for Royal (Mr. Brooks) may pat the administrators of this fund on the back and say it has worked beautifully and all that sort of thing; but while I have had the pleasure of meeting some of these very nice people I have had considerable difficulty getting anything from the fund in connection with those cases in which I was interested. In one instance the man lived in the home province of the hon. member for Royal. It is not easy to get anything from the fund as there is a lot of red tape about it. Of course they are operating within the scope of the act, and a case that can be handled in the municipal or provincial fields or in any other way is outside of the act regardless of how bad the need may be.

If the minister could see his way clear to have a change made in the definition of that word I can assure him that it would relieve quite a few cases—not a thousand but quite a few—where there is considerable hardship, and which I have been trying to iron out for some time. I plead with the minister that some consideration be given before this thing is finalized. When you are opening the act for amendments and are making amendments along financial lines to build up the fund, I urge the minister that consideration should also be given to making a slight change in order that certain people in very poor circumstances may receive the benefits that the act was intended to bestow upon them. I would ask the minister to comment upon that angle before he proceeds with the amendments he has introduced.

Mr. Victor Quelch (Acadia): Mr. Speaker, the provisions of the resolution appear to be fair. Like the majority of amendments moved in relation to veterans affairs, I think this is a step in the right direction. I should like to join with those who have expressed appreciation of the work being done by those people who have given their services on a voluntary basis in helping to administer the fund. I wonder if the minister intends to send the bill to the veterans affairs committee.

Mr. Lapointe: Yes.

Motion agreed to and the house went into committee, Mr. Robinson in the chair.

Mr. Browne (St. John's West): What amount of interest will be paid on the amount of the fund which exceeds $5 million?

Mr. Lapointe: The interest which is being paid at the present time, 2½ per cent.

Mr. Browne (St. John's West): According to the auditor general's report I believe there is a sum of $300,000 on which 3 per cent is paid.

Mr. Lapointe: Yes.

Mr. Browne (St. John's West): That will still continue?

Mr. Lapointe: Yes. I think the amount is $309,000, which represent bonds bearing interest at 3 per cent. They are in the care of the securities division of the Department of Finance. The balance of the fund is an account in the consolidated revenue fund.

Mr. Quelch: Can the minister give the committee an idea of the approximate number of veterans who have benefited under this act?

Mr. Lapointe: I am afraid I have not that figure. As a matter of fact I was trying to get it just before I came into the house. However, I think that information will be available when the bill is referred to the special committee.

Mr. Brooks: I asked the minister a question about the $5 million.

Mr. Lapointe: I am sorry. The hon. member for Royal asked me a question which I forgot to answer. I think my hon. friend's question was why interest at 3½ per cent is paid on the first $5 million and 2½ per cent on the balance. My understanding is that it was worked out between the Department of Finance and the board in order to provide the necessary income to continue the fund for 50 years on the present basis of operation, and so the fund would be sufficient.

Mr. Brooks: Was it because you were paying 3½ per cent on similar funds like the annuities fund?

Mr. Lapointe: No. My understanding is that will meet the actuarial requirements to carry the fund for 50 years.

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved for leave to introduce Bill No. 334, to amend the Army Benevolent Fund Act, 1947.

COMBINES INVESTIGATION ACT

TO PROVIDE FOR ADMINISTRATION—ESTABLISHMENT OF RESTRICTIVE TRADE PRACTICES COMMISSION, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 306, to amend the Combines Investigation Act and the Criminal Code.

He said: Mr. Speaker, the bill which is now before the house for second reading is the product of the report of the MacQuarrie committee which engaged in the first over-all review the act had had since 1923. It therefore seems appropriate at this time to review the principles and objectives of this legislation, and particularly the purposes which are intended to be served by combines legislation generally. The economic organization of our business in Canada is essentially one of free enterprise in a system of privately-owned business. It is true that there are exceptions such as certain kinds of public utilities of which public ownership or public regulation has been considered more appropriate, but these are exceptions to the general rule.

The greater part of our industry consists of private business conducted without specific government regulation. We continue to rely upon a system of free enterprise because we are convinced that this system will produce the greatest benefits for the people of this country in terms of material well-being and political freedom. When we look around the world and see the results of other systems we are even more convinced of the soundness of our own. It is no accident, even when due allowance is made for the abundance of our natural resources, that the highest standard of living in the world today is enjoyed by Canada and the United States which are at the same time the outstanding examples of competitive free enterprise economies. However the winds of theory may appear at times to favour the socialist barque, this is the rock of fact upon which it must founder.

Our system of free enterprise cannot continue to produce these material gains unless the spirit of enterprise inherent in it is continually maintained and rejuvenated. It is competition which performs this function, but competition is not automatically self-perpetuating; and this is the reason we must constantly strive and take positive measures to maintain effective competition in Canadian business. If we fail to maintain competition; if we are beguiled by the argument that certain small groups of businessmen should regulate business in the interests both of themselves and those with whom they deal or whom they supply; if we once concede the regulation of business to those who want the gains of private business without having to meet the tests of efficiency, then we will lose the advantages of free enterprise and incur the disadvantages and restrictions of socialistic control but without any of the compensating advantages of that system.

This has been the experience of many industries in European countries. There great efforts have been made since the war to try to reawaken the spirit of competition and remove trade restrictions which hold back industrial recovery and growth which such countries need so much. Too frequently, perhaps, we are inclined to talk about maintaining competition in a free enterprise system in an abstract way without dwelling in sufficient detail upon the concrete considerations involved.

Sometimes it must seem to the man on the street that what is involved are mainly arguments among economists and other experts, which are very interesting for those who have the time and the inclination to follow

them but which are of little practical significance to the ordinary man in his daily life. This, of course, is not the case; and that is one of the reasons it has seemed to me desirable to review, if only briefly, the major principles and objectives of our Canadian combines legislation.

At some danger, perhaps, of oversimplification I should like to put the point that the material welfare of the workingman—and in that term I include those who work at desks, in factories or the fields—depends upon two factors: the amount of currency he earns and its purchasing power. Some persons might say that in making this statement I am simply looking at two sides of the same coin. But I suggest that it helps the thinking of the man who is not an economist to break it down in this way. The entire significance in a pay increase of say from $1.50 to $2 per hour lies in what the original $1.50 and the additional 50 cents will buy in goods and services. To put it shortly, every earner has a natural and legitimate interest in the highest possible wage and the lowest possible prices.

Mr. Benidickson: We are all consumers.

Mr. Garson: As the hon. member says, we are all consumers. The only way to be able to pay the high wages and still have the low prices is by increasing the efficiency of the methods of production and distribution. Put a number of horsepower at the disposal of a skilled workman operating an ingenious machine, he can far out-produce a large number of workmen who are working with their bare hands. The same principle holds for all other technological improvements, whether they be by way of plant, process or materials, in either production or distribution. Good wages can be paid to the man who builds the machine and improves the process, and to the man who operates the machine or applies the process, and still a product can be turned out which can sell at reasonable prices and because it is sold at reasonable prices, it can be sold in large quantities.

It has been calculated that today's workman has available in his own physical resources an average of 1/50th horsepower, but in the machine he operates he has, on an average, in this country about 8 horsepower. New and better machines, improved processes, and new and improved materials—all that we include in the expression technological advances—mean more production per man hour. Under some less fortunate systems of society than that which we have in Canada the workman immediately concerned may derive little or no benefit from such increases in technological advances. Under our system, however, each such improvement works in the direction of higher wages, lower prices and additional leisure. Here then is the point. Competition among producers and distributors encourages the creation of the improvements to which I have referred, and makes them available to all. Illegal price fixing agreements amongst purchasers and distributors, by destroying competition, discourages those improvements and operates to prevent existing improvements being as generally available for the benefit of all as would otherwise be the case.

The existence of arrangements relating to prices lessens the necessity to be on the lookout for a better machine or an improved process lest another find it first. Not only does a combine decrease that necessity; it may also enable the participants to defer the use of improvements already known but the utilization of which would involve the group in some immediate outlay for new capital equipment. By the same token the drive to seek economies of operation and administration is tempered. In the train of the principal arrangements upon prices come other restraints upon production and distribution. When consumer demand falls off, as it must from time to time, we encounter under such an arrangement the ability and frequently the tendency to keep prices up, even if it may mean less production for the time being or even over a longer period. This, of course, means a fall-off in employment. So all along the line, when industry is governed by combines and not by competition, the natural results are likely to be lower wages, less leisure, higher prices and often failure to adjust to consumer demand, which results in recurrent unemployment.

It will be seen from the foregoing that competition affects more than today's price on an article or a commodity. Competition produces not only better immediate prices but the development as time goes on of greater efficiency. It necessitates the improvement of existing processes and products and the introduction of new processes and new products. In a genuinely competitive market no manufacturer can rest upon his laurels. Continued success for him depends upon keeping in the vanguard of industrial advances. This benefits the whole society. Moreover the maintenance of a free enterprise system under competitive conditions is, I suggest, closely linked with a healthy democracy. The expansion of the economy produced by competition provides more equitable distribution of wealth and savings amongst most of the people.

Competition provides, moreover, economic opportunities for the talents and diligence of

those who have only talents and diligence to offer, and who might not get a chance to offer them under a business system which was under the control of a small minority of businessmen responsible to themselves alone. The results of private industrial control would be a serious curtailment of economic freedom which, in turn, would inevitably have its effect upon our democratic way of life.

There are those who would contend that in our efforts to maintain competition we are overlooking the changes that have taken place in industrial organization since anti-combines laws were first adopted sometime before the turn of the century. It is true that the competition we have today, under conditions of large scale industry and mass markets, is not the competition envisaged by early economists looking at local markets and small scale industry. But because the structure of industrial organization has changed, and may continue to change, is no reason to abandon our conviction in the efficacy of competition. We can look around and see what results follow when restrictive practices are tolerated or even in some cases encouraged. Pessimism over the ability of competition to exert itself effectively is by no means a phenomenon of recent years. A writer of authority, the late E. R. A. Seligman, of Columbia university, in an article in the *Political Science Quarterly* of 1887 said:

> Competition has had its day and has proved ineffective.

That was his suggestion at that time.

> Recognize the combinations but regulate them.

One could only imagine what the result might have been if the United States had accepted the principle suggested by Professor Seligman and had undertaken the governmental regulation of business instead of seeking to maintain competition. But in contrast with this 1887 quotation from Professor Seligman is another very recent statement of Professor R. B. Tennant in a recent volume of the Yale studies in economics when he says this with respect to the continued effectiveness of the Sherman Act in the United States:

> It is strange and unsatisfactory that criminal prosecution of actions which result from market structure should produce desirable results, while the planned reform of that structure does not seem desirable. But in the present state of knowledge this may be the best that we can do. We are not yet ready to blueprint a new economic order, yet the effects of the anti-trust laws seem clearly desirable. The latent power of the Sherman Act is undoubtedly unpleasant for businessmen to live with, yet the act still appears to be, for all its untidiness, one of the most useful expressions of public policy.

Sometimes it is suggested—and I think wrongly so—that what are frequently attacked under the anti-combines legislation are situations that arise inevitably from today's conditions under which in many fields of industry the country is supplied by a small group of manufacturers. Such, of course, I would submit is not the case. It would not be denied that in a field where suppliers are few, each will have a fairly good idea of what reaction any step taken by this manufacturer or that manufacturer will produce among the others, and for this reason he may change his prices more slowly and with more regard to what his competitors will do than if all the suppliers were smaller and more numerous. That natural regard for the counteraction of others, however, is an entirely different thing from the positive degree of collusion which is the subject of attack under anti-combines legislation.

I think no one can look at the development of industry on this continent during the present century and fail to be impressed by the effective part which competition has played and continues to play in our industrial life, and the beneficial results which flow from such competitive activity. The fact that in a particular industry, whether from technological or other causes, production is concentrated in a few large producers does not necessarily result in the disappearance of competition in that industry. Vigorous competition may exist among a few large firms; and while it may not be the automatic competition envisaged when there are a multitude of sellers, it may still be effective competition benefiting consumers and others dependent on the industry. The policy of the Combines Investigation Act directed against collusive agreements is thus an effective force even when competitors are so few that each acts with the knowledge that no significant change in his activity will pass unnoticed by his competitor.

Investigations under the Combines Investigation Act have disclosed the elaborate and persistent efforts which are made by large firms when they seek to eliminate price and other competition. Typical investigations show, for example, that seldom can a combine rest upon price arrangements alone. If manufacturers who are parties to price arrangements on certain lines of goods can make substitute lines and price them at will, the principal agreement will be ineffective. The usual combine therefore involves some restriction upon production.

Again, a price arrangement may be upset if one supplier ships collect and another freight prepaid; so frequently a combine embraces strict rules governing this and all

other significant conditions of sale. The great variety and detail of the arrangements which are considered necessary to suppress competition in such ways demonstrate how various and how pervasive competition will be if it is not blocked. These elaborate arrangements to prevent competition also point to the value of legislation such as the Combines Investigation Act; for the more difficult it is made to effect such arrangements to stifle competition, the more opportunity there obviously will be for competition to make itself felt. To the extent, then, that combines legislation assists in preventing rigidities and restrictions and in maintaining flexibility in the industrial field, it will contribute to the health of Canadian business.

Many of those who would deny the vitality of the competitive system fail to grasp that it stands as the only real alternative to state control. If competition is not to be maintained as an effective means of seeing that the benefits of industrial progress are equitably shared among the different sections of the population, it is clear that the mass of the people would not remain content to have industrial control exercised by large corporations not subject to government regulation. If we consider the abandonment of competition because of the difficulties which certain situations create in maintaining it, we must be prepared to face the much greater difficulties which would be created in trying to develop effective government regulation over widespread and complex industrial and trade operations. Not only would there be the difficulties of administration of such detailed regulations, but more serious by far in the long run would be the depressing effects, on innovations and industrial improvements, of the imposition of such government controls. Ultimately they would lessen in significant degree the standard of efficiency throughout our business life. Such a prospect, it seems to me, would dismay all but the most outright socialist. I think the majority of Canadians remain convinced that the maintenance of competition is a much more advantageous and effective course of action.

The next question is "How best can we assure and protect competition?" This is most important. We require a method, I suggest, which will provide continuity in policy and some measure of zeal in administration. A brief examination of the various types of agencies which have been provided over the years will serve as a useful background for the consideration of the present proposals. When the Restraint of Trade Act was passed in 1889, which eventually became section 498 of the Criminal Code, no special provision was made for the investigation of alleged offences and no special administrative agency was established to enforce that law.

The Combines Investigation Act of 1910 provided for a preliminary inquiry by a supreme court judge and subsequent investigation by a board of three members nominated for the purpose of the particular case which was under consideration. It is of more than passing interest, I think, to refer to the debate which took place in the House of Commons in 1910 when this important measure was introduced by the late Right Hon. W. L. Mackenzie King who at the time was minister of labour. The legislation then introduced was entirely novel, providing for the first time in democratic countries an orderly procedure for investigating the operation of business combines and providing further for publicizing the results of such investigation. These are the two principles which have governed combines legislation since that time; and in considering the present bill the house will understand that it is affirming the principles of anti-combines policy enunciated in 1910 and following the historic pattern of this legislation in devising means whereby those principles can be given greater practical effect at the present time.

There is some topical interest in recalling the legislation of 1910, and that it was passed at a time when prices had risen very substantially; and those hon. members who are familiar with that interesting address made by Mr. King on this occasion will recall that he devoted a considerable amount of his time—I think he spoke on that occasion for four hours, which I shall not attempt to emulate on this occasion—to a discussion of the basic causes for the movement in price levels which was taking place then. Indeed, 1910 was a time not unlike our own, when the nation was expanding, when the productive resources of the nation were being strained to the utmost to meet the demands of a rapidly-growing and prosperous economy. A good many of the things which Mr. King said on that occasion still have considerable validity more than forty years after.

In discussing prices Mr. King said, as reported in *Hansard* of 1909-10 at column 6810:

> The legislation we are proposing is legislation which will afford an examination into the business of every large concern, where there is reason to believe that a combine is operating to an undue disadvantage of the public; and until an examination of its business had taken place, I would hesitate to say that it has been acting unfairly. The fact that the increase in prices, and the formation of these large mergers, and combines have taken place simultaneously, has created in the minds of the people a strong impression that the two are intimately connected, and the public are demanding some kind of legislation which will enable them to see whether they are right or wrong in that particular.

Mr. King then felt that it was imperative that these combines should be exposed, as he said, to the "light of day" in order that people should understand their significance in the nation.

The legislation of 1910 provided for a preliminary inquiry by a supreme court judge, which could be instigated by any six persons applying to the judge for an order directing an investigation into the alleged combine. If the judge so ordered, the investigation was conducted by a board of three members, one selected by the applicants, one by the parties against whom the application was made, and the third to be a judge nominated by the other two members.

In practice certain weaknesses were revealed in this legislation, but the outbreak of the first great war postponed any fundamental reconsideration of the problem of those weaknesses. At the end of the war, in the year 1919, under the union government, parliament passed the Board of Commerce Act, creating a board of commerce which was to administer the Combines and Fair Prices Act which supplanted the statute of 1910. This legislative scheme was declared ultra vires in 1921, but it did add to the scheme of the legislation the creation of a continuing enforcement authority.

Under the Combines Investigation Act of 1923, which is the one, with a number of amendments, which is still on the statute books, and to which the bill now before us provides for a number of amendments, it was contemplated that investigation could be made by special commissioners appointed for the purpose of each inquiry; but preliminary investigations were to be made by a permanent official, the registrar. In introducing this legislation in 1923 Right Hon. Mr. King said in *Hansard* for that year at page 988:

> Now, it is recognized that there are distinct limitations in the matter of the protection of the public under the provisions of the Criminal Code. The legislation which the government is introducing proceeds on the theory that the reason why section 498 of the Criminal Code is of so little effect is not that there are no combinations that are detrimental to the public or that such combinations are rare, but rather that the existence of these combinations, and their method of operation is difficult to discover; that what is needed is effective machinery of investigation which will disclose the existence of combines operating to the detriment of the public, and afford the information whereby proceedings under the Criminal Code can be made really effective in the case of individuals who are violating its provisions, or who are associated with combines that are operating to the detriment of the public. The legislation to be introduced provides machinery for investigation, which it is hoped and believed will be effective toward this end.

Later, on second reading, Mr. King explained the fundamental principles underlying the legislation at page 2522 of *Hansard*, in the following terms:

> . . . what is fundamental in this legislation is summed up in the words that private rights cease when they become public wrongs. In other words, the bill does not in any way seek to restrain private individuals in the making of any contracts or agreements, tacit or implied or open, which they may wish to make, so long as in the exercise of their private rights they do not carry matters to a point where their joint action becomes a public wrong in the form of a combination operating to the detriment of the public.

This act of 1923 carried on very effectively from that time until 1935, when the dominion trade and industry commission was set up, consisting of three members. But these three members were also members of the tariff board, who had the responsibility for making tariff inquiries and then were given the added duties of administering the Combines Investigation Act. The functions of this commission under the Combines Investigation Act itself were somewhat in opposition to one another, because on the one hand the commission was to approve certain agreements between firms in an industry which fixed prices and regulated production when it seemed that this course was advisable; and on the other hand they had also to administer the Combines Investigation Act which applied against arrangements unduly restricting competition. Therefore the same body was in the one case expected to investigate companies in respect of agreements, and in other cases they were authorized to approve of other types of agreements. However, that did not present a problem for too long because the Dominion Trade and Industry Commission Act was also declared unconstitutional in part by the privy council, and in any event its period of administration was of brief duration.

The third great development in this legislation occurred in 1937 when the Combines Investigation Act was substantially amended, and the act was passed as we know it now, apart from amendments which have since been effected. The main departure here was to provide for a single commissioner to conduct both preliminary and full investigations. The purpose of these amendments was stated by the then minister of labour, the late Hon. Norman McLeod Rogers as being "to restore the vigour of the Combines Investigation Act." And dealing more generally with the new legislation Hon. Mr. Rogers said in *Hansard* of 1937 at page 1347:

> The Canadian legislation in connection with combines represents an orderly and progressive development over a period of almost fifty years. In reshaping the legislation, as we are seeking to do at this time, we have sought to incorporate the best features of the several acts which have preceded

the present act. The type of administrative agency is naturally one of the most important considerations to be kept in view.

This outline of legislative history shows that, as experience has indicated, the anti-combines administration has been strengthened and confirmed by successive Liberal governments. In a very real sense the important changes now being proposed in this bill represent a continuance of this historical evolution of our combines legislation.

Looking back on these various developments, I think it can be said that the process has been one of working out within the constitutional powers of this parliament the most effective machinery possible. On the constitutional side, the goal has been to develop general principles which apply in all cases. When the procedure has been found to go beyond federal authority, as was the case with respect to the Board of Commerce Act and with respect to section 14 of the Dominion Trade and Industry Commission Act, it was because attempts were made to apply particular forms of regulation to local industries or trades. Aside, however, from constitutional considerations, it is obvious that a system which proceeds by a statement of general principles to be applied in a judicial or quasi-judicial manner has the advantage, among others, of getting as far as possible away from direct state intervention, which is necessarily present when an administrative body may give particular direction in every particular case which arises before it.

This brief historical review serves, I hope, to point up the fact that in all the various forms of administration I have mentioned, with the possible exception of the short-lived attempt to supervise price and production agreements in the depression period, the endeavour has been to find the most effective machinery to apply the principle of maintaining competition.

It is also noteworthy that the general principle of public policy in this regard as expressed in section 498 of the Criminal Code has remained the basic feature and has retained its significance through the lengthy period from its enactment in 1889 until the present time of 1952.

When I discussed this legislation during the debate in the house on the resolution I indicated in general terms the main changes which are included in the bill now before the house. I do not think it is necessary for me to repeat any of my remarks, but I believe I should indicate in a somewhat more definite manner the changes in procedure which are contemplated in the present bill. The act which is now to be amended provides for the initiation of an inquiry either by formal application of six citizens or by direction of the minister, or by the commissioner himself on his own motion whenever he, the commissioner, has reason to believe that a combine exists or is being formed. The first two bases of inquiry have been used rarely in recent years and ordinarily an inquiry is commenced because of information coming to the attention of the commissioner, either directly from members of the public or through the minister; that is, letters I receive from members of the house or members of the public, and which I pass on to the commissioner with the suggestion that he investigate them immediately.

The bill now before us makes no change in the ways in which an inquiry may begin, except that the director will have the status of the commissioner in this regard. That is to say, we have divided up the functions now being discharged by the commissioner into those of investigation, which the new director will discharge, and those of considering the material gathered by the director, and passing upon it in a quasi-judicial manner and making a report, which will be done by the new commission. The director in the first instance will initiate the inquiry and the investigation.

The progress of an inquiry normally extends through a number of stages from the informal collection of information, to begin with, to the examination of witnesses under oath, if the proceedings culminate in a formal investigation. At the preliminary stage, therefore, there is the assembly of information from available sources bearing on the question of whether there is a possibility of a situation existing in contravention of the act.

After a few preliminary inquiries of this kind it may appear to the commissioner that there is no ground for suspicion of contravention; the inquiries may end there, and the files would be closed. If the information obtained, however—and this is what happens in the minority of cases—does not dispel but rather strengthens the suspicion of the existence of practices in contravention of the act, then more intensive inquiries are undertaken, usually involving the examination of business records obtained from the premises of those believed to be involved in these arrangements.

Under the present act powers to issue orders for the entrance into and examination of premises and records are conferred on the commissioner. Under the bill similar authority is given to the director, subject to a certificate being issued by a member of the commission on ex parte application of

the director. That is, where the commissioner now can proceed to take these steps on his own motion, under the new arrangement he will have to apply to the commission on ex parte application for authority to do so. In effect, the initiative with respect to the commencement of investigation will rest with the director, but where he finds it necessary to exercise formal powers of entry and examination he will inform a member of the commission of the need for such action and secure a certificate such as that to which I have referred.

Somewhat the same situation will prevail with respect to the examination of witnesses under oath in the course of an inquiry. At present such witnesses are summoned by and examined before the commissioner or his delegate. Orders for the attendance of witnesses henceforth will be issued by a member of the commission on ex parte application of the director, or on the member's own motion. The witnesses will be heard by the member or by a person designated by the member of the commission.

Under the present act, hearings before the commissioner have usually been conducted by counsel appointed for the purpose by myself as Minister of Justice, and provision is made in the present bill for the appointment of counsel to conduct hearings before a member of the commission. The usual procedure under the present act, after the hearings have been concluded and if the circumstances then appear to warrant it, has been for the commissioner to request counsel appointed by the minister to review the evidence in the inquiry and prepare a statement as to its effect, including what are called allegations of misconduct, so that these may be submitted to the parties concerned for the purpose of affording them an opportunity, as the Inquiries Act requires, to be heard before the commissioner reaches conclusions and makes his report. In other words when a case has been built up it is submitted to the concerns affected, and an opportunity is given them to appear and show cause before the commissioner as to why no adverse report should be made against them.

Mr. Applewhaite: Is that new?

Mr. Garson: No, that is now in the act. The separation of functions, however, contemplated by the present bill between the director and the commission, makes it desirable to provide in the bill specifically for the procedure to be followed, and this has been done. As the director's functions are confined to those of securing information and presenting it for the consideration of the commission, the responsibility is placed on him of preparing for submission to the commission a statement of the evidence obtained in the inquiry which will serve also as notice to the parties concerned of the situation which the commission is being called upon to appraise.

The commission is to allow any person against whom an allegation is made in the statement submitted by the director full opportunity to be heard at the hearings to be held for that purpose, and to enable the director to submit representations with respect to his review of the evidence. So the two sides in the matter will be heard in a judicial manner by the commission. In one sense the provisions in the bill will codify the present practice under the Combines Investigation Act in this respect rather than introduce any change other than that arising out of the separation of functions as between director and commission. When this hearing has taken place, upon conclusion of the final argument the commission will prepare a report and submit it to the minister for publication.

More express provisions are also provided in the bill covering the removal and handling of documents required in the course of an inquiry. The present act provides for the copying of documents secured in an inquiry and for the return of such documents at the conclusion of an inquiry. No provision is made for furnishing the person from whom such documents were obtained with copies during the course of an inquiry, although this course has normally been followed if documents are required for any length of time. The bill provides that in the case of any documents removed for purpose of examination or copying, the original or a copy thereof shall be delivered to the person from whom it was obtained within sixty days unless the commission authorizes a longer period.

During the debate on the resolution the hon. member for Eglinton (Mr. Fleming) made particular reference to the recommendation of the MacQuarrie committee with reference to research in the field of monopolistic situations—I hope he will correct me if I am wrong when he takes part in the debate, if he chooses to do so—and I gathered that he thought greater emphasis on the work of research would be very desirable and advantageous. Hon. members will find that a section of the bill provides for investigation of monopolistic situations and authorizes for such purpose the same powers of investigation as are provided for other inquiries under the act.

It would not be appropriate for me to discuss at this stage the detailed provisions of

the bill, but I think I should elaborate to some extent on the brief comments I made on the resolution in regard to the new remedy of court order of prohibition which has some parallel with injunction orders in civil proceedings. Hon. members are aware that orders, of the nature of cease and desist orders, to be issued in discretion of an administrative tribunal were ruled ultra vires in the Board of Commerce cases.

The MacQuarrie committee stressed the desirability of providing for some form of judicial order which could be used to deal with combines offences in the incipient stage or to reach situations which might not be corrected by criminal prosecution. The committee pointed to the constitutional problems involved in devising legislation of this kind and suggested that the matter be studied by the law officers. The section in the bill is the result of such study, and in the opinion of the law officers there are strong reasons for believing that the section is within federal competence.

The orders envisaged by the section are, in contrast to those in issue in the Board of Commerce cases, to be granted by the courts by the application of general principles. In the case of a conviction for a combines offence it will enable the court to prohibit the continuance or repetition of the offence; and if the conviction is with respect to a combine by way of merger, trust or monopoly, the court may direct its dissolution. It will also be possible for the court to prohibit acts which are directed toward the commission of a combines offence or which are likely to constitute such an offence. In other words, it will not be necessary for the administration to wait until an offence has been committed before taking action in cases where it is apparent that restrictive practices are being developed which are likely to operate against the interest of the public.

Having indicated, in this and in previous speeches, the main provisions of the bill, I think this would be an appropriate time to indicate also some matters which it does not contain, and the reasons. At page 43 of the printed MacQuarrie committee report will be found the following recommendation:

2. That section 29 of the act dealing with tariff action and section 30 of the act dealing with patent action be amended in order to make the requirements of the public interest the condition justifying a recommendation and action in these respects.

Section 29 of the present act provides in effect that whenever as a result of an investigation or a court decision it appears to the governor in council that a combine exists to promote unduly the advantage of manufacturers or dealers at the expense of the public, and that the tariff has facilitated such abuse, the governor in council may modify or remove the tariff from the article concerned. Section 17 of the Customs Tariff Act provides in effect that where a producer takes advantage of a duty to enhance prices the governor in council may remove or reduce the duty on the article concerned.

The MacQuarrie committee suggested that the provision which I have described, contained in the Combines Investigation Act, is too rigid since the governor in council has to find to his satisfaction that there exists a combine and the committee therefore proposed that the provision be amended and that the requirements of the public interest be made the condition justifying a recommendation by the new commission for remedial tariff action.

The decision not to modify section 29 at the present time is not by way of rejection of the MacQuarrie committee's recommendation. Having in mind, however, the really substantial powers that presently exist in section 29 of the Combines Investigation Act and section 17 of the Customs Tariff Act, to which I have referred, the government deemed it advisable to wait before making any change until a number of cases have come before the new commission which will point out in some detail the lines along which any amendment should proceed. To endeavour to catch the spirit of the recommendation in legislative form at the present time might result either in missing it or in vesting in the governor in council powers that would be so general as to be too arbitrary.

Similar considerations apply in respect of patents. The present section 30 of the Combines Investigation Act provides in effect that in any case where use has been made of a patent to restrain or injure unduly manufacture, trade or commerce in respect of any article the exchequer court on the information of the Attorney General of Canada may grant relief including the declaring void in whole or in part of any agreement relating to the use of the patent and including the directing of the grant of licences under the patent. The Patent Act also contains certain provisions for the safeguarding of the public interest in respect of patents.

Having regard to these existing remedies and to the same difficulty that was encountered in the case of tariffs, of trying to catch the spirit of the recommendation in legislative form without at the same time being too arbitrary, it was decided that no harm would result and that it would be the better course to have a number of cases before us that had come before the new commission and which

would assist in defining carefully the additional area to which the remedies might be extended.

The MacQuarrie committee recommended that the new commission should envisage the possible effectiveness of tariff action in every case presented to it and report its findings in this respect. It also recommended that the commission should consider the impact of patents in every case presented to it and report its findings. These recommendations will no doubt be carried out by the new commission, and their reports will enable the government to give the further consideration to these important matters which they deserve. In the meantime the existing provisions will enable a very considerable degree of remedial action in appropriate cases.

In conclusion, Mr. Speaker, I would say that the bill now before the house widens substantially the scope of the present act and introduces more suitable and workable provisions to carry out the administration of the legislation. It reaffirms public policy with respect to restrictive trade practices and demonstrates the desire of this government to see that policy applied in the most effective manner possible.

On motion of Mr. Fleming the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up first the resolution in the name of the Minister of Agriculture to amend the Cold Storage Act; then the resolution in the name of the Minister of Finance respecting war risks insurance; then Bill No. 306, to amend the Combines Investigation Act and the Criminal Code. If we have time left we will take up Bill No. 279, to amend the Industrial Development Bank Act and the resolution in the name of the Minister of Resources and Development to amend the Northwest Territories Act.

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

HOUSE OF COMMONS

Wednesday, June 11, 1952

The house met at three o'clock.

COMMITTEES OF THE HOUSE

Fourth report of special committee on railways and shipping owned, operated and controlled by the government.—Mr. Cleaver.

Fifth report of standing committee on external affairs.—Mr. Bradette.

STANDING ORDERS—CONCURRENCE IN THIRD REPORT

Mr. Matthew MacLean (Cape Breton North and Victoria) presented the third report of the standing committee on standing orders, and moved that the report be concurred in.

Motion agreed to.

QUESTIONS

PETAWAWA CAMP—WORK PERFORMED BY NON-MILITARY PERSONS OR FIRMS

Mr. Fraser:

1. Since January 1, 1950, have any non-military architects, engineers, or surveyors been engaged on any work at Petawawa military camp or the camp to the north marked X?
2. If so, for what work were they engaged?
3. What were the names of the individuals or firms so engaged?
4. What fees did they receive in each case?

Mr. Campney:

1. Yes.

2 and 3.

A. Beauchemin and Hurter, Montreal.

Field Work—Survey Site Planning

1. Control and contour surveying of existing camp and areas for new construction.

2. Preparation of site plan for new construction.

3. Preparation of record drawings of existing camp.

4. Report on water sewer and storm drainage in existing camp.

5. Report on roads and existing camp.

Design Work—Existing Construction

1. Sewage interceptors to tie into proposed sewage system.

2. Storm drainage.

3. Roads where survey showed improvements required.

4. Recommendations on siting for new construction.

5. Water supply system, storage and distribution, including grids for new construction.

6. Sewage collection system and disposal plant for new construction.

7. Drainage system for new construction.

8. Roads and curbs for new construction.

9. Electrical power distribution system, excluding main substation for new construction.

B. Pennock Engineering, Ottawa.

General supervision, excluding the provision of on-site inspectors for the constructing of the central heating plant at Petawawa as required by Central Mortgage and Housing Corporation.

4. Beauchemin and Hurter—Value of contract $244,500.00; Paid to date (May 26, 1952) $132,273.93.

Pennock Engineering—Value of contract $3,000.00; Paid to date (May 26, 1952) $750.00.

OKEMASIS AND BEARDY INDIAN RESERVES—CROP-SHARE LEASE

Mr. Thatcher:

1. When does the crop-share lease, issued in favour of Messrs. R. K. Lehman and W. A. Tucker, covering 320 acres of land in the Okemasis and Beardy Indian reserves, terminate?
2. What share of the crop does the department receive?
3. What quantity of grain was harvested on this land from the 1951 crop?
4. What quantity of grain has been turned over to the department to date?

Mr. Harris (Grey-Bruce):

1. December 31, 1957.

2. One-quarter share annually.

3. 3996 bushels of wheat and 424 bushels of oats.

4. 874 bushels of wheat has been turned over and sold. The balance of the wheat and the oats are in storage and will be sold when space is available.

ARMED FORCES—USE OF TANKS

Mr. Fulton:

1. At what time were tanks first assigned to the 25th brigade in Korea? What tanks were these?
2. At that time, had any tank been decided on by the Canadian defence department as the tank which should be used for the purpose of infantry support? If so, what name and type of tank?
3. If not, has any decision subsequently been reached on this point which can be stated, and, if so, what is the decision as to type and name of tank?

Questions

4. At the time of the decision in part 2 or 3 as the case may be, were any of the tanks in question in possession of the Canadian army? If so, how many? If not, when were orders first placed accordingly, and for how many tanks?

Mr. Campney:

1. The armoured squadron with the 25th Canadian infantry brigade was originally equipped with M10 17 pdr. self-propelled anti-tank guns which are mounted on the chassis of Sherman tanks. Shortly after its arrival in Korea it was decided to re-equip the armoured squadron with M4A3E8 Sherman tanks which in effect meant substituting the 105 mm for the 17 pdr. gun. This was done in May 1951.

2. Yes. The American medium tank M46.

3. Not applicable.

4. No. M46 tanks were in the possession of the Canadian army at that time. On December 14, 1950, orders were placed through the Department of Defence Production for 140 tanks.

EXCISE TAX ON CIGARETTES, CIGARS AND TOBACCO

Mr. Coyle:

1. What amount was collected in excise tax on (a) cigarettes; (b) cigars and (c) tobacco, during the years 1949, 1950 and 1951?

2. What amount was collected in excise tax on (a) cigarettes; (b) cigars and (c) tobacco, during each of the months between June, 1951, and May, 1952, inclusive?

Mr. McCann:

1. (a) 1949-50, $69,410,060; 1950-51, $70,787,903; 1951-52, $80,273,561.

(b) 1949-50, $2,752,233; 1950-51, $2,745,033; 1951-52, $2,582,963.

(c) 1949-50, $11,226,374; 1950-51, $11,562,945; 1951-52, $23,288,417.

2.

	(a) Cigarettes	(b) Cigars	(c) Tobacco Manufactured and Canadian raw leaf
June 1951	$6,506,640.12	$160,267.06	$ 998,560.69
July "	6,467,351.12	242,862.28	2,785,884.39
Aug. "	6,923,040.58	234,782.77	2,593,014.66
Sept. "	9,321,600.03	240,261.38	2,623,922.12
Oct. "	6,236,274.42	182,321.43	1,841,973.10
Nov. "	6,464,520.37	146,846.77	1,989,519.74
Dec. "	9,966,424.70	388,469.25	2,413,021.86
Jan. 1952	6,192,051.96	284,486.45	2,211,411.63
Feb. "	6,766,030.60	360,216.06	2,122,960.60
Mar. "	9,678,094.94	182,690.80	2,892,211.45
Apr. "	2,944,344.40	92,659.48	1,225,226.39
May "	5,034,425.29	135,894.37	1,545,058.58

FILM "ROYAL JOURNEY"—DEPARTMENT OF NATIONAL DEFENCE VERSION

Mr. Dinsdale:

1. Was the special Department of National Defence film version of the royal tour produced by the national film board?

2. If not, by whom was it produced, and at what cost?

3. If so, was the film made up of excerpts from the general national film board footage or was film specially exposed for this purpose, and what was the cost of the project?

Mr. Campney: Mr. Speaker, the information requested in this question will be found in *Hansard* of May 28, at page 2657, in parts 4 and 5 of the answer to the question asked by the hon. member for Moose Jaw (Mr. Thatcher). I would ask that the question be dropped.

An hon. Member: Answered.

Mr. Speaker: Question dropped.

[Mr. Fulton.]

IMMIGRATION—FUMIGATION OF SHIPS

Mr. Balcom:

1. Are ships carrying immigrants to Halifax, Nova Scotia, and Saint John, New Brunswick, fumigated?

2. If so, what local contractors have been hired to do this work?

3. Were insecticides purchased locally, and from whom?

4. Were ships of the Department of Transport, Dartmouth, Nova Scotia, fumigated for insects or rodents, during 1951?

5. If so (a) which contractor did the work; (b) what was the cost?

Mr. Martin:

1. Yes, when required. All ships arriving at organized quarantine stations (including those at Halifax and Saint John) when coming from countries not regarded as coastwise under the Canadian quarantine regulations are inspected every six months for evidence of rat infestation. If such vessels are infested with rats they are ordered fumigated.

2. Fumigations at Saint John, New Brunswick, and Halifax, Nova Scotia, are carried

out by the staff of the quarantine service of this department.

3. No insecticides are used but the fumigating gas used to kill rats has the effect of killing insects as well as mammals. The only gas suitable for fumigation purposes cannot be obtained locally.

4. Yes, two vessels, one of which was fumigated twice.

5. This work was performed by the quarantine service of this department without charge, except a total of $50 for staff working overtime during the fiscal year 1951-52.

QUESTIONS PASSED AS ORDERS FOR RETURNS

RAILWAYS AND SHIPPING—COMMITTEE REPORTS DURING 1947 SESSION

Mr. Pouliot:

1. Was there an interval of two to six months and a half between the production of the English version of the minutes of proceedings and evidence of the parliamentary committee on railways and shipping during the 1948 session, on the one hand, and the production to members of parliament of the French translation thereof, on the other hand? If not, how many months and days elapsed between the printing of each of the five English reports and each of the French translations?

2. Has the bureau for translations given to the Clerk of the House of Commons or to any other person any explanations to justify the delay in the delivery of the French translation of the reports of the said parliamentary committee, and, if so, what were they?

3. Has L'Institut Technologique de Langue Française d'Ottawa communicated suggestions to the Clerk of the House of Commons or to any other person to prevent such delays in the delivery of the French version of the reports of the said committee, and, if so, what were such suggestions?

Mr. Bradley: Return tabled.

RAILWAYS AND SHIPPING—COMMITTEE REPORTS DURING 1948 SESSION

Mr. Pouliot:

1. Was there an interval of one to nine months between the production of the English version of the minutes of proceedings and evidence of the parliamentary committee on railways and shipping during the 1948 session, on the one hand, and the production to members of parliament of the French translation thereof, on the other hand? If not, how many months and days elapsed between the printing of each of the five English reports and each of the French translations?

2. Has the bureau for translations given to the Clerk of the House of Commons or to any other person any explanations to justify the delay in the delivery of the French translation of the reports of the said parliamentary committee, and, if so, what were they?

3. Has L'Institut Technologique de Langue Française d'Ottawa communicated suggestions to the Clerk of the House of Commons or to any other person to prevent such delays in the delivery of the French version of the reports of the said committee, and if so, what were such suggestions?

Mr. Bradley: Return tabled.

RAILWAYS AND SHIPPING—COMMITTEE REPORTS DURING 1949 SESSION

Mr. Pouliot:

1. Was there an interval of three to four months and a half between the production of the English version of the minutes of proceedings and evidence of the parliamentary committee on railways and shipping during the 1949 session, on the one hand, and the production to members of parliament of the French translation thereof, on the other hand? If not, how many months and days elapsed between the printing of each of the six English reports and each of the French translations?

2. Has the bureau for translations given to the Clerk of the House of Commons or to any other person any explanations to justify the delay in the delivery of the French translation of the reports of the said parliamentary committee and, if so, what were they?

3. Has L'Institut Technologique de Langue Française d'Ottawa communicated suggestions to the Clerk of the House of Commons or to any other person to prevent such delays in the delivery of the French version of the reports of the said committee, and, if so, what were such suggestions?

Mr. Bradley: Return tabled.

RAILWAYS AND SHIPPING—COMMITTEE REPORTS DURING 1950 SESSION

Mr. Pouliot:

1. Was there an interval of two to eight months and a half between the production of the English version of the minutes of proceedings and evidence of the parliamentary committee on railways and shipping during the 1950 session, on the one hand, and the production to members of parliament of the French translation thereof, on the other hand? If not, how many months and days elapsed between the printing of each of the nine English reports and each of the French translations?

2. Has the bureau for translations given to the Clerk of the House of Commons or to any other person any explanations to justify the delay in the delivery of the French translation of the reports of the said parliamentary committee and, if so, what were they?

3. Has L'Institut Technologique de Langue Française d'Ottawa communicated suggestions to the Clerk of the House of Commons or to any other person to prevent such delays in the delivery of the French version of the reports of the said committee, and, if so, what were such suggestions?

Mr. Bradley: Return tabled.

RAILWAYS AND SHIPPING—COMMITTEE REPORTS DURING 1951 SESSION

Mr. Pouliot:

1. Was there an interval of five months and a half to eight months between the production of the English version of the minutes of proceedings and evidence of the parliamentary committee on railways and shipping during the 1951 session, on the one hand, and the production to members of parliament of the French translation thereof, on the other hand? If not, how many months and days elapsed between the printing of each of the four English reports and each of the French translations?

2. Has the bureau for translations given to the Clerk of the House of Commons or to any other person any explanations to justify the delay in the delivery of the French translation of the reports of the said parliamentary committee and, if so, what were they?

Inquiries of the Ministry

3. Has L'Institut Technologique de Langue Française d'Ottawa communicated suggestions to the Clerk of the House of Commons or to any other person to prevent such delays in the delivery of the French version of the reports of the said committee, and, if so, what were such suggestions?

Mr. Bradley: Return tabled.

CANADIAN NATIONAL RAILWAYS—SECURITIES, LOANS, ADVANCES, ETC.

Mr. Pouliot:

1. Did the cancellation of capital stocks and certain indebtedness of the Canadian National railway system to His Majesty, in virtue of chapter 22 of 1 George VI (1937), amount to more than one billion two hundred million dollars, and what was the exact amount of that cancellation?
2. What was the total amount of the Canadian National railway system securities held by the Canadian government at various times since 1923?
3. What amounts have been loaned or advanced to the Canadian National railway system in virtue of the Canadian National Railways financing acts of 1934, 1935, 1937, 1940, 1940-41, 1942, 1943, 1946, 1947, 1948, 1950, 1951 and 1951 second session?
4. Besides, what advances, loans or refunds were made by the Canadian government to the Canadian National railway system in virtue of the Canadian National refunding acts of 1929, 1930, 1935, 1938, 1944, 1947 and 1951?
5. Referring to the said refunding acts of 1935, 1938, 1944, 1947 and 1951, was the amount of two hundred million dollars respectively mentioned in each act a revote or are these five amounts amounting to a refund of one billion dollars?
6. What is the total amount of the loans, advances and refunds made by the Canadian government to the Canadian railway system since 1923?
7. How much of it was cancelled, and when?

Mr. Sinclair: Return tabled.

ELECTORAL RETURNING OFFICERS

Mr. Follwell:

1. How many electoral returning officers are there in the Dominion of Canada?
2. What is the name, the constituency, the date of appointment and the age of each?
3. What is the age of retirement for electoral returning officers?

Mr. Bradley: Return tabled.

BUSINESS OF THE HOUSE

REFERENCE TO AMENDMENT OF CIVIL SERVICE SUPERANNUATION ACT

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Prime Minister, based upon the announcement he made a few days ago about the remaining legislation. I do so, because of certain comments that have been made with regard to amendment of the Civil Service Superannuation Act which was announced in the speech from the throne. If it is the intention of the government not to proceed with that act, and that is indicated by the omission from the reference, it would seem that there should be some explanation not only for the members of the house but also for the civil servants who have been counting on some action with regard to this measure since the speech from the throne was read.

Hon. Douglas Abbott (Minister of Finance): Perhaps I might answer that question, Mr. Speaker. For some time the officers of my department, the civil service commission and others have been engaged in a general revision of the superannuation act. It was not contemplated that there would be, if I may so refer to it, a major change in policy so far as the scale of superannuation is concerned, but it is a comprehensive revision of the act. Unfortunately it has not been possible to complete that job. As the house knows, there is an unofficial advisory committee. It was desired to obtain the views of that committee, and they have been consulted. Unfortunately it would not be possible to bring in the bill within the next three or four weeks. Under those circumstances it was felt that it would perhaps have to stand.

Mr. Knowles: What about the ones already retired?

POTATOES

REFERENCE TO PRESS REPORT—IMPORTATION OF U.S. POTATOES

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, if I may be permitted to do so, I should like to direct a question to the parliamentary assistant to the Minister of Agriculture. Has the parliamentary assistant's attention been drawn to a press release in this morning's *Globe and Mail* stating "federal order dashes the hope of cheaper spuds"? If so, can the parliamentary assistant inform the house whether the federal Department of Agriculture has issued an order restricting the importation of United States potatoes, thereby aggravating the already short supply in this country?

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): Mr. Speaker, in answer to the hon. member for Cape Breton South, may I say that I have seen the article in the Toronto *Globe and Mail* to which he refers. The story is this. Under the fruit and vegetable act, United States grade A potatoes are allowed to come into Canada duty free except for a six weeks' period; but owing to the shortage of potatoes in Canada about the middle of April those restrictions were relaxed a little bit and some grade B potatoes were allowed to come in with the grade A potatoes.

That has been changed as of tomorrow, when they go back under the fruit and vegetable act under which we just allow grade A potatoes to come in. But certainly

no restriction is placed upon potatoes coming into Canada from the United States. I can assure the hon. member that during these last few weeks potatoes have been coming into Canada from the United States at the rate of 100 cars per week. I can go further than that and say I feel that after the next few weeks potato prices will become lower.

HOUSE OF COMMONS

REPORTED DIFFERENCE BETWEEN ENGLISH AND FRENCH REPORTS OF DEBATES

On the orders of the day:

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, I wish to draw the attention of the Minister of National Health and Welfare to two contradictory statements that appear in the English and French *Hansard* of June 6. On page 3015 the minister is reported as having said with regard to additional social legislation that was asked for:

. . . I find that they would require $1,500 million in addition to what we are spending already in the field of health and welfare.

In the French translation I read as follows:

(Translation):

. . . I find that they would require $1,500,000 in addition to what we are spending already in the field of health and welfare.

Did the hon. minister mention a billion and a half or a million and a half dollars?

Hon. Paul Martin (Minister of National Health and Welfare): A billion and a half.

Mr. Pouliot: Thank you. Again they are all wrong. Not you, I mean, but the translators.

(Text):

NATIONAL DEFENCE

CONSTRUCTION OF ROAD THROUGH SASKATOON, EDMONTON AND YELLOWHEAD

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I should like to direct a question to the Minister of National Defence in connection with certain representations made by the highway system association of Edmonton and also the cities of Saskatoon, North Battleford and the like. Has consideration been given to any request on the part of this association that the Department of National Defence, without in any way interfering with the trans-Canada highway location as at present decided upon, should do something to assure a defence road through Saskatoon and Edmonton and thence through Yellowhead, with a view to assuring transportation for oil and mineral development in the north?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, the hon. member was good enough to give me notice of this question, but I received it only a few minutes before three o'clock. In the time available since then I have found a reference to only one such representation. That was made by the board of trade of the city of North Battleford. They referred to a resolution of the city council and board of trade of Yellowhead and so far I have not found any record of securing such resolution.

A few days ago my colleague the Minister of Mines and Technical Surveys (Mr. Prudham) reported to me that he had seen the executive of the Yellowhead road association and that they had made and would make representations along those lines. Of course any such representations would receive most careful consideration. I can say this, however. We have had a large number of representations from every part of Canada that we should give assistance to the construction of highways on the score that they might be useful for defence purposes. The general answer is that any increase in transportation or communication facilities would, of course, increase our capacity for defence but that unless the circumstances are extremely unusual, we have so many more projects having a greater priority and which cannot be tackled at the present time, that assistance to a highway of this character would be extremely unlikely.

CIVIL AVIATION ORGANIZATION

REPORTED DISSATISFACTION OVER RENT FOR OFFICE SPACE, ETC.

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to direct a question to the Secretary of State for External Affairs. It arises out of an item in the news yesterday. I sent the minister notice yesterday but he asked that I delay the question until today.

Has the government been made aware of dissatisfaction on the part of a large section of ICAO with reference to the rent charged for office space in Canada, and certain other conditions? Is the government attempting to meet these objections and keep ICAO in Canada?

Hon. L. B. Pearson (Secretary of State for External Affairs): The hon. member was good enough, as he has indicated, to give notice of this question yesterday. I have been looking into the matter, which is one of some importance because it affects the possibility of this United Nations specialized agency remaining in Montreal.

The government is aware of the fact that for some time now certain members of the

International Civil Aviation Organization have felt that the rent paid by the organization for its offices in Montreal is high, not in comparison with commercial rentals in Montreal or possibly elsewhere, but in comparison with the rents paid by other specialized agencies of the United Nations, especially in countries where substantial concessions are often given to such organizations by governments in order to retain the headquarters of those organizations in their countries. The government has therefore been considering the problem, and has decided that there should be an increase in the assistance we have previously given to ICAO by way of subsidy on its rent. We proposed to ICAO on May 28 last that, subject to the approval of parliament, the rent should be reduced by the amount of $130,530 per annum. An amount to cover this will be placed in the supplementary estimates. This reduction would cut the rental rate per square foot from the present figure of $2.50 to $1, and would make it reasonably comparable with rates of rent paid by United Nations specialized agencies elsewhere.

The government is very glad to have ICAO in Montreal, and would like to see it remain there. We will be happy to consider favourably any reasonable assistance we can give to the organization for that purpose. However, some of the organization's requests do not fall within federal jurisdiction. For instance, ICAO now has requests before the government of the province of Quebec and the council of the city of Montreal for remission of certain provincial and municipal taxes. We hope that mutually satisfactory arrangements about these matters can be reached by ICAO with the authorities concerned.

Mr. Graydon: How many people from other nations are attracted to ICAO headquarters in connection with their work?

Mr. Pearson: I have not the exact figure, but a very considerable number, both as members of the permanent staff of ICAO who make their residence in Montreal, and as delegates from the member countries to the various meetings of ICAO.

HOUSING

CONSTRUCTION OUTSIDE ST. JOHN'S AND CORNER BROOK—INQUIRY AS TO FEDERAL ASSISTANCE

On the orders of the day:

Mr. W. J. Browne (St. John's West): I should like to direct a question to the Minister of Resources and Development. Has any consideration been given to the question of federal assistance in the construction of groups of houses in places outside of St. John's or Corner Brook in Newfoundland as a result of recent discussions with the minister of supply?

Hon. Robert H. Winters (Minister of Resources and Development): The minister of supply for Newfoundland did not speak to me personally during his visit here, but to the best of my knowledge no decisions have been made with respect to any additional housing in Newfoundland as a result of his visit.

GOVERNMENT FINANCING

INQUIRY AS TO PROPOSED VISIT OF COMMISSION FROM THE UNITED STATES

On the orders of the day:

Mr. A. W. Stuart (Charlotte): I should like to direct a question to the Minister of Finance. Is the minister in a position to give any information regarding the proposed commission which is being sent to Ottawa by President Truman to study our methods of financing, as recently reported in the press?

Hon. Douglas Abbott (Minister of Finance): I have no information on the subject, Mr. Speaker.

Mr. Fraser: He wants to know how you get away with it.

COLD STORAGE ACT

GRANT OF SUBSIDY—AUTHORIZATION FOR PAYMENT OF UNPAID INSTALMENTS

Hon. Robert H. Winters (for the Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Cold Storage Act to provide that the governor in council may, out of any money appropriated by parliament for the purpose, grant towards the construction and equipment of certain warehouses a subsidy not exceeding thirty-three and one-third per cent of the amount expended or approved of in such construction and equipment; and to provide further that the governor in council may, on the recommendation of the Minister of Agriculture, authorize the payment in full of all or any unpaid instalments of a subsidy that is or may become payable under a contract entered into prior to the coming into force of the amending act.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

Mr. Fair: Is there anybody here, the Minister of Agriculture or his parliamentary assistant, who can make a statement in connection with this resolution?

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): With respect to this resolution, Mr. Chairman, the idea behind the amendment to the Cold

Storage Act is this: Instead of paying a subsidy of 30 per cent, as we have done formerly, in five payments, one of 15 per cent, one of 7 per cent, one of 4 per cent and two of 2 per cent each, we will now, after the completion of the project, pay a subsidy of 33⅓ per cent in one lump sum after the project has been passed by our officials.

Mr. Bryce: Does this legislation differ very much from the act that we had previously?

Mr. McCubbin: No.

Mr. Bryce: Will it be available to the co-operatives?

Mr. McCubbin: Yes.

Mr. Lennard: Has the project to be approved before it is started, or is it merely approved by the government after the person has invested a great deal of money in the project, and is thereby running the risk of its not being approved?

Mr. McCubbin: No; the plans and specifications have to be approved by the officials in our department before the project is started.

Mr. Bryce: How many years is it to last?

Mr. McCubbin: It is hard to say. It may be in existence after the hon. member and I are both out of this house.

Mr. Thatcher: Can the parliamentary assistant say how much was spent for this purpose last year under the old act?

Mr. McCubbin: I am sorry that I have not the figures of how much was spent last year, but when the estimates of our department are up I will answer that question for the hon. member.

Mr. Smith (Moose Mountain): Can the parliamentary assistant explain to the committee just what group of people will benefit under this legislation?

Mr. McCubbin: The bill has not yet been introduced. When the bill is introduced I will be able to answer that question.

Resolution reported, read the second time and concurred in.

Mr. Winters (for Mr. Gardiner) thereupon moved for leave to introduce Bill No. 335, to amend the Cold Storage Act.

Motion agreed to and bill read the first time.

War Risks Insurance

WAR RISKS INSURANCE

ESTABLISHMENT OF MARINE AND AVIATION ACCOUNT

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide (a) that the Minister of Finance may enter into insurance and reinsurance agreements against any or all war risks of aircraft, vessels and cargo; (b) that there shall be established in the consolidated revenue fund an account to be known as the marine and aviation war risks insurance account; and (c) that there shall be credited to the account amounts equal to the premiums or other moneys received, sums allocated from appropriation by parliament and amounts directed to be credited to the account as temporary credits.

Mr. Knowles: Would the minister give an explanation?

Mr. Abbott: I have an explanation to give, but I thought it might be convenient to give it in committee, when I could answer questions in detail.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

Mr. Abbott: Mr. Chairman, the purpose of the proposed measure to be founded upon the resolution is to authorize the Minister of Finance to enter into agreements, subject of course to approval in detail by the governor in council, for insurance and reinsurance against certain risks of loss or damage in connection with ships, aircraft and cargo, arising out of war risks.

As the committee is probably aware, insurance companies have never considered that they could underwrite war risks. They have held the view that such risks were not susceptible to actuarial calculation; and consequently those risks are always reinsured with government.

During the last war in the United Kingdom they formed what was colloquially known as the insurance association, or clubs. These clubs wrote the insurance, and it was reinsured with the United Kingdom government. Canadian shipping at that time was insured with these clubs.

Now the Canadian merchant marine has reached the point where it would be quite feasible to form an association of ship owners—which I shall refer to as a club—provided facilities are available for reinsurance with the Canadian government, as was the case with the United Kingdom government during the last war.

Obviously there are some advantages in having our own reinsurance, because the insurance proceeds would need to be paid in Canadian dollars. Ship owners would find it easier to deal with insurers who were

available here in Canada rather than abroad, so far as the adjustment of claims and that sort of thing is concerned. This matter was discussed with the British association, which was good enough to send someone out here to go into the technical details with our own insurers.

The matter was discussed with Canadian ship owners, who have decided to form one of these associations. I understand the bill to incorporate this voluntary association is now before the other place. The matter was also examined by the maritime commission, and the enabling bill which will be based upon this resolution is to implement that decision.

The pattern will be substantially the same as was followed in the United Kingdom during the last war, except that the club—that is, the voluntary insurance association—will be formed here in Canada and the reinsurer will be the Canadian government. I am informed similar arrangements are either in force in the United Kingdom and in the United States or are in process of being formed.

The provision is a stand-by provision. It would not be availed of, except under conditions of emergency. But, as the committee will appreciate, once war breaks out or is apprehended ship owners will not allow their ships to sail. Those ships stay in port. So it is therefore essential that machinery be available for the prompt writing of war risks in the event of an emergency.

Mr. Macdonnell (Greenwood): I think the minister has anticipated nearly all the questions I had intended to ask. However, there are one or two he did not answer. My understanding is that this will not deal with the subject matter of the act of 1942, which provided for the insurance of property in Canada.

Mr. Abbott: No.

Mr. Macdonnell (Greenwood): Does that act remain still in force?

Mr. Abbott: Offhand I cannot tell my hon. friend; but if he would give me the statute I would look into it. So far as I am aware, there has been no repeal.

Mr. Macdonnell (Greenwood): Then I understand it is contemplated that this measure will deal entirely with marine or air risk, and that if any other legislation is necessary it will be separate legislation?

Mr. Abbott: That is right.

Mr. Macdonnell (Greenwood): Can the Minister of Finance say anything as to the results of government action in Great Britain which covered our ships, as well as other ships, in the last war? Has he any figures?

[Mr. Abbott.]

Mr. Abbott: I have not any figures here. I understand there were some difficulties, although they were not serious, in connection with the utilization of the proceeds after the war. There is of course the question of the establishment of reinsurance rates. I am informed that during the last war the practice was that the rates would be fixed for three months. Policies would be issued for a three-months period; and if it was decided that the rate had to be increased the new rates would be enforced for a further period of three months.

At one stage in the war I am told the United Kingdom government decided to refrain from increasing the rates, although it would have been desirable to do so, because German intelligence was watching war risk insurance rates pretty intensively to ascertain whether sinkings were as large as they had hoped. So, on grounds of high policy, I am informed that at that stage of the war there was no change in war risk insurance rates, and it was felt that the cost should be borne by the taxpayers as a whole rather than give information which might be useful to the enemy. However, in answer to the hon. member's question, I have not the figures for which he has asked.

Mr. Macdonnell (Greenwood): Perhaps the minister could have those for us when we are discussing the bill.

Mr. Abbott: I will see if I can get them.

Mr. Macdonnell (Greenwood): It is also my understanding that whereas under the measure of 1942 the government came in as a sort of reinsurer of ordinary insurance companies, no such measure is contemplated here. As I understand it, in this instance it will be a co-operative effort by the ship owners, and then a process of reinsuring themselves directly with the government.

Mr. Abbott: The reinsurance will be directly with the government. The club—and I shall use that word, for the sake of convenience—the mutual insurance association, would assume a small portion of the risk and would receive a proportionate amount of the premium. It would provide the management and administration. That is the main advantage of this form of covering war risk in connection with shipping. The skilled technical management of those who are familiar with the trade is thus available, and it is not necessary for the government to set up an elaborate organization to handle insurance. My information is that it worked very well in the United Kingdom during the war.

Mr. Macdonnell (Greenwood): Is it anticipated that action would be taken as a precautionary measure in advance of hostilities, or would the act not come into operation until actual hostilities had taken place?

Mr. Abbott: So far as shipping is concerned, the details are fully worked out. When the legislation is passed, the mutual insurance association—the club—will be formed, and will be set up by the Canadian ship owners. The government will be authorized under this measure to enter into reinsurance agreements with the club, and could operate on 24 hours' notice. The question of aircraft insurance is still being looked into as that is a little more difficult because there are fewer operators and we have not the benefit of experience gained during the last war as in connection with shipping.

Similarly, in connection with the insurance of cargoes, there is a considerable amount of details yet to be worked out. So far as ships themselves are concerned, the details have been worked out completely.

Mr. Green: Will there be only the one club?

Mr. Abbott: Yes.

Mr. Green: That will cover aircraft as well as ships?

Mr. Abbott: That is the present intention.

Mr. Macdonnell (Greenwood): Is it to be insurance only of cargoes and not of personnel?

Mr. Abbott: No insurance of personnel, simply of ships and cargoes.

Mr. Knowles: I assume from what the minister has said that this is an innovation so far as Canada is concerned.

Mr. Abbott: It is an innovation to the extent that we would operate the plan on our own. We participated in the United Kingdom plan during the war, which was set up on exactly the same basis. We are setting this up in the light of experience obtained in that country during the war.

Mr. Knowles: I take it that the aircraft, ships and cargo referred to would be aircraft, ships and cargoes owned by private owners and that this has no reference to insurance of government-owned property?

Mr. Abbott: That is correct.

Mr. Knowles: The other question I wished to ask was along this line. I can see the government's argument that in the event of war or apprehended war it could be serious for the welfare of the state if shipping suddenly stopped. In other words, it is to our interest to take whatever steps are necessary so that shipping keeps moving. I should like to know if we are taking away from the insurance companies a risk but at the same time giving them the opportunity to make a profit. The minister will not be surprised when I say that I do not think they should get it both ways. If we underwrite their risks it seems to me that we should have a guarantee that on the other side of the picture they will not make a profit out of the government's assumption of the risks.

Mr. Abbott: There is no possibility of that as the insurance companies do not enter into this arrangement. The association or club to which I have referred is to be formed by the ship owners. I think it is called the Canadian Shipowners Mutual Assurance Association. It is a voluntary association, not for profit. It will receive out of the premiums simply enough to cover the cost of operation of the club and the balance of the premiums will go into the consolidated revenue fund to cover the reinsurance risks.

My information is that the private insurance companies have never felt that they could underwrite or take on war risk insurance and that has always had to be the responsibility of the state. This is merely providing a mechanism in order that we may have the advantage of those who are technically skilled in handling the insurance of ships and cargoes. The risk will be carried by the state and the premiums would be set on such a basis as to endeavour to make the fund self-supporting. Naturally circumstances may arise where losses would be so heavy that it would not be possible to cover them by the premiums, and in that case they would have to be absorbed in the same way as other war costs are absorbed.

Mr. Macdonnell (Greenwood): I notice the minister said that government-owned ships would not participate in any way.

Mr. Abbott: I did not mean government-owned ships, I meant government-owned aircraft.

Mr. Macdonnell (Greenwood): Then I misunderstood the minister.

Mr. Abbott: I would not want to be committed to that. There has been very little detailed consideration given as yet to the aircraft side.

Mr. Macdonnell (Greenwood): I take it that the government ordinarily carries its own insurance in that connection.

Mr. Abbott: Not in the case of ships.

Mr. Macdonnell (Greenwood): Perhaps I need not pursue that further.

Mr. Abbott: I thought my hon. friend was just referring to aircraft when I answered his question.

Mr. Gillis: The minister's explanation sounded all right. This is following government policy to take over where free enterprise falls down and cannot handle this proposition. The minister stated that this was stand-by legislation which presupposes that it will not be used for some time. I should like to know if this would be applicable to Canadian ships now operating in the Pacific which might suffer damage because of the Korean war.

Mr. Abbott: There is no intention to set it up, so far as I know, to handle those ships because I doubt if there are enough Canadian ships operating in that area to enable a premium to be fixed on any reasonable basis. As I say, the plan is not to be set up on a commercial basis; it does not contemplate commercial risks. On the other hand, it is always recognized that insurance forms a proper item of costs in setting freight rates. That would be the case if war risk insurance were in force in connection with Canadian registered ships during a period when war existed.

Mr. Gillis: I understood the minister to say that this government agency will be made up of shipping companies which will form themselves into a club for the purpose of insuring their own ships. Can the minister give us any idea of what shipping companies will take part in this plan?

Mr. Abbott: My understanding is that all Canadian registered ships would participate. My information is that at the present time they would have an insurable value of $115 million.

Mr. Gillis: Some major company would have to undertake the administration.

Mr. Abbott: I am not too familiar with the details as they are highly technical and that is why we got some of these people out from England who had gained experience during the last war and who had set up the stand-by scheme they have there now. My information is that the technical supervision would be provided by people in the shipping business who knew about ships and how to insure them and so on. They would act as accountants and would prepare the papers and no doubt would see that proper valuations were forthcoming and so on. Then the risks would be reinsured with the pool.

Mr. Gillis: I am not going to press the matter any further as I can get more information when we are discussing the bill.

[Mr. Macdonnell (Greenwood).]

Mr. Green: Will coastal shipping be included?

Mr. Abbott: It would be logical when the act was brought into effect.

Mr. Green: Does the minister know whether the plan is to have these ships take advantage of this measure?

Mr. Abbott: I should think they would if they were operating in waters where they were subject to war risks. When the bill is before us hon. members will see that it is very wide in its terms, as I think legislation of this kind should be. It is based upon the corresponding statute in the United Kingdom and gives very wide power to set up by regulation the procedure that will be followed. It is very wide in its provisions as to the type of risk that may be handled provided it comes within the category of war risks.

Mr. Murphy: Could the minister clarify one doubt that is in my mind? He said a moment ago that this would not apply to personnel but would apply to aircraft and other ships. Supposing an aircraft was shot down over a city and did considerable damage to property, would there be provision in the bill to cover that sort of thing?

Mr. Abbott: No, this bill is not intended to cover that type of risk. I assumed that that type of risk would be covered under the general statute to which the hon. member for Greenwood referred and which we had during the war. This is designed primarily to cover merchant shipping and it will probably be extended to cover aircraft.

Mr. Murphy: I assume it would apply to great lakes shipping?

Mr. Abbott: I would think so. The bill certainly is broad enough to enable great lakes ships to be covered.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 336, respecting marine and aviation war risks insurance and reinsurance agreements.

Motion agreed to and bill read the first time.

COMBINES INVESTIGATION ACT

TO PROVIDE FOR ADMINISTRATION—ESTABLISHMENT OF RESTRICTIVE TRADE PRACTICES COMMISSION, ETC.

The house resumed, from Tuesday, June 10, consideration of the motion of Mr. Garson for the second reading of Bill No. 306, to amend the Combines Investigation Act and the Criminal Code.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, there are some bills which come before the house where the principle admits of very little difference of opinion and where the house may be expected to be in a position to confine its discussion on second reading to a short space of time and devote its major effort to a review of the clauses of the bill in committee of the whole. Such, it seemed to some of us, was the nature of the present bill; but the Minister of Justice (Mr. Garson) apparently thought otherwise for last night in moving second reading of the bill he read a statement for fifty minutes and conducted what I heard one member of the house call "a one-man filibuster against his own bill". The minister seems determined to force a debate on second reading of this measure.

I wish to say very definitely that the principle of the Combines Investigation Act is not in dispute, and I do not think it has been at any time. The principle of the legislation is well recognized and generally supported, and it does not take a long philosophical treatise, such as that to which we listened during the first half of the minister's remarks last night, to add anything to the defence of a principle which does not need any defence in this house. I think what we are looking for in the house with respect to a measure like the present bill to amend the act is means for making the legislation more effective to serve the end of maintaining competition. That is the principle of the act, and I understand that is the principle of the present bill to amend the act. If that is so, the principle does not require any extended defence in this house.

The minister has properly said that free enterprise does require the maintenance of conditions of competition. I do not think anyone quarrels with that. Certainly wherever combines exist to the public detriment then certainly there must be legislation of this kind, and there must be effective enforcement of legislation of this kind. The act very properly directs its aim at mergers, trusts and monopolies which operate or are likely to operate to the detriment or against the interests of the public, whether consumers, producers or others. In that very broad definition I think we have a picture of the purpose of this legislation, and so far as I know no one takes issue with that purpose.

The relationship of monopoly to this subject has been dealt with by the MacQuarrie committee, particularly at pages 22 to 24 of its report. I do not think any useful purpose can be served today by an extended review of what the committee had to say on that subject. Competition is of the essence of the system of free responsible enterprise which the overwhelming majority of the members of the house, and I am sure the overwhelming majority of Canadians, support. They want to see that system maintained and they want to see it strengthened.

Economic freedom within that kind of system has a very direct bearing upon political freedom. You cannot dissociate the two. In that respect I think the minister was on very sound ground last night. We endanger and jeopardize the political freedom that we associate with democracy wherever there is a tampering with or trespassing upon the freedom in economic affairs which we associate with conditions of competition.

Where a government intervenes in the interests of preserving conditions of competition, Mr. Speaker, it must be on the basis of fairness; and when the government embarks upon proposals for extensive changes in legislation in this field it therefore ought to be very sure that it is proceeding fairly. That is the reason why, when the amendments proposed to this act last fall were before the house and the committee, we of the official opposition urged most strenuously that we should be very sure we had before us all the available evidence. That is why we took strenuous objection to the procedure then followed, which had the effect of stopping many people and organizations who had representations to make to the committee on that subject and denying them the opportunity of being heard.

I intend that the comments I make on the bill shall be brief. The principal change in the present act proposed by the bill is aimed to bring about a separation of the functions which are now entrusted to the commissioner under the Combines Investigation Act. When the resolution preceding the bill was before the house there was a discussion about the contradiction in his functions at the present time. He is both policeman and to some extent judge as well, certainly judge in the sense of giving a preliminary decision. That contradiction in functions has been recognized by the MacQuarrie committee, and it seems to me that this legislation, in proposing the separation of those functions, is sound in its purpose. The director will hereafter be charged with responsibility for investigation and research whereas the commission will be charged with responsibility for review, appraisal and report.

In some respects this division of functions represents a legislative return to the situation that obtained in 1923, and the departure from that position, which resulted when the then registrar, Mr. McGregor, was made commissioner, is now being reversed. I do not think the change made in 1923 was sound;

therefore I welcome this reversal of the legislative position, this separation of functions, which is the chief characteristic of the present bill.

The second point that I think may merit a word of observation relates to the provisions of the bill with regard to the effect of the tariff in situations where it may have the effect of assisting in the maintenance of monopolistic conditions. In his speech last night the minister gave the reasons why the government has not seen fit to propose the adoption of the recommendation of the MacQuarrie committee in this regard. At this point I am not going to make further comment on the subject, because the section will be before the committee shortly. But I do express, Mr. Speaker, a question as to why the tariff board, which is an excellent board, has not been used more widely in this respect. One would have thought that where there is a suggestion or suspicion that a tariff is contributing to the creation or maintenance of monopolistic conditions or is tending to reduce the free play of competition, the tariff board would be the proper body to which a reference would be directed. I suggest to the Minister of Justice (Mr. Garson) and the Minister of Finance (Mr. Abbott) that the tariff board could be put to very good use in such a situation.

The third point that may justify comment is the subject of research. I thought I had indicated my views on this matter when speaking on the resolution stage on June 2. Last night the Minister of Justice invited me to make some further clarification in this regard. Let me leave no doubt as to my views on the matter. I believe the proposal to vest in the director of investigations the function of research is good. There is much to be said for carrying on research in this whole field. The nub of the matter, of course, will be the competence of the hands in which that function of research is placed. It seems to me that is the whole sum and substance of this matter.

The fourth subject worthy of comment, Mr. Speaker, relates to the proposed innovation in the act in the introduction of court orders of prohibition. Because these are to be orders obtained from a court and not orders that may be issued by a governmental official, I think we may be assured that ample judicial safeguards will be attached to the issuance of such orders. It is a very wide power, and I think for that reason all hon. members ought to be glad to see it vested in a court rather than in a government official. I must confess to feeling a little disquiet in regard to the constitutionality of this provision, in the light of what the minister had to say about it last night. He said, as his words appear at page 3118 of *Hansard*, that this question of the constitutionality of this section had been considered by the law officers of his department, and that they had expressed "strong reason for believing that the section is within federal competence."

One can only hope that when parliament is legislating to this effect, parliament is acting within its proper sphere of legislative competence. In view of the air of doubt attached to the matter, I think the minister might well consider whether this matter should not be referred to the courts for a decision. If it is not, I presume we will be on common ground in thinking it may arrive in the highest court in this country for a decision before very long, when the jurisdiction is exercised.

There is a further aspect of this matter which is of importance for those of us who recall the experience of 1949. It has to do with the subject of publicizing reports. When this measure was at the resolution stage I drew attention to the view expressed by the MacQuarrie committee that the present provision of the act with relation to the publicizing of reports should be continued. In speaking at page 2817 of *Hansard* for June 2, I had this to say:

> . . . I trust that, in keeping with the recommendations of the MacQuarrie committee, this new legislation will not subtract one whit from the requirements of the present legislation with regard to publication of reports. The minister nods—

I was commenting on the nod the minister then gave me, Mr. Speaker, assenting thereby, as I thought, to the statement I had just made.

> —indicating that the legislation will not tamper with that important provision of the present legislation.

With that nodding assurance from the minister, Mr. Speaker, you will understand that it was with some measure of surprise I found when the bill was distributed that the time allowed for the publication of reports of the commission had been enlarged from 15 days to 30 days. We shall have a further opportunity of discussing that section in the committee of the whole shortly, but I shall say this now. We shall want better reasons for extending this period than those given to us for the notorious and illegal extension of the 15-day period that the government wrought in 1949, when the famous McGregor report on a combine in the milling industry was tabled. The minister made no comment on this subject in his lengthy review of the bill. I believe the house will be curious to know why, especially in view of what the minister indicated to the house on June 2,

this change is attempted in this very important provision.

The next point, sir, is that the legislation is silent as to the loss leader practice. After all that was said in this house on that subject, and in a special committee of both houses last fall, I think most of us expected to see some reference to this vicious loss leader practice, but the minister has made no reference whatever to it. I observe that the MacQuarrie committee dismissed the subject very briefly. There are only three paragraphs on that subject on page 46 of the committee's report, and the conclusion is summed up in the third paragraph as follows:

> We, therefore, propose that the "loss leader" practice should be referred by the minister for thorough study by the proposed agency and board with a view to determining its prevalence and its effects and to recommending to the minister suitable amendment, if necessary, of the act.

It is quite evident, sir, that the MacQuarrie committee did not consider its task completed or discharged in that respect. They have placed that problem squarely on the doorstep of the minister, and one must therefore express some disappointment that a subject so important as this vicious loss leader practice, which has such dangers in it, should have entirely escaped the minister's attention in his long speech last night.

I have no further comment upon the features of the bill, but in approving the principle of this measure on second reading I affirm what I tried to say on previous occasions, that in seeking more effective methods of maintaining conditions of competition in Canadian business and trade there is something that is more important than mere technical improvements in legislation or technical improvements in the machinery, important as those may be. More important than these is the drive behind the enforcement of the legislation. That is what we of the official opposition are demanding. It is the drive that is going to turn the wheels of this machinery which is of first importance. We may be improving the machinery. We may be adding another wheel. We may be introducing technical improvements. But, Mr. Speaker, the factor that will continue to be of first importance will be the drive behind the machinery.

I think the view of the official opposition in this matter can be summed up in this way. We want to see the maximum effectiveness and the maximum fairness in the enforcement of this act. In that respect we remind the government that it forfeited the confidence of this house and of the country in its enforcement of this legislation by what it did or failed to do in 1949, when it not only ignored but defied the plain terms of this very act. Assurances now of intention to give enforcement to the terms of the amendment now before the house will have to be weighed by the house in the light of that shocking and completely unjustified defiance of a statute enacted by the parliament of Canada through the suppression for ten months of a report in the very teeth of the plain terms of this legislation. For that act of suppression the whole government shared the responsibility, and it continues to do so.

It is true that the Minister of Justice, as the minister of the crown principally charged with enforcement of this legislation, bears a heavy responsibility. But to the extent to which the whole cabinet concurred in the failure of the Minister of Justice to obey the law of this land, the whole cabinet was equally responsible for an outrageous breach of the law. We had then exposed to view, on the part of 19 members of the cabinet, a submissive yielding to the determination of one member of that cabinet that that report should not be made public. He was the same minister who said in this house a year ago, "If we wanted to get away with it, who would stop us?" Apparently when the question of obeying the law of this land and making public the report of Mr. McGregor on the milling combine at the beginning of 1949 came before the cabinet, that same minister took just about the same attitude, an attitude which might well have been paraphrased in these words: "If I want to get away with it, who in this cabinet is going to stop me?" At any rate nobody in the cabinet stopped him. Every member of the cabinet was a party to the suppression of a report in defiance of the law of this land.

The minister spoke last night about the rule of law. Mr. Speaker, what does the rule of law mean if it does not mean that the law of this land is binding upon every person in this land from the Prime Minister to the citizen in the humblest walk of life? On that occasion apparently the attitude of the cabinet was, "Well, the law is good enough for the rest of the country but it is not going to be binding upon us". Sir, that was no rule of law. That was the most outrageous and palpable and deliberate attempt at the destruction of the rule of law that has been witnessed in the lifetime of the Canadian nation.

Sir, we wish to see in the administration and enforcement of this act such effectiveness as will admit of no exceptions for cabinet ministers or others; we wish to see the kind of enforcement that will demand honour and respect for the law and will give maximum effectiveness to this enactment of parliament. We of the official opposition shall make it our business to see to it that that responsibility, not only of observing the law itself

but of giving effective enforcement to it, is honoured by the government or that failure to do so is exposed for public condemnation.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we support the measure that is now before the house. At the outset I may say that we do so in spite of the speech that was made in its defence last evening by the Minister of Justice (Mr. Garson). As has already been indicated, the measure is one the purpose of which is to divide the functions provided for under the Combines Investigation Act into two categories, namely investigation and research on the one hand and report and prosecution on the other. We feel that the MacQuarrie committee has made excellent recommendations in that regard. We are glad to know the government is implementing at least that part of what the MacQuarrie committee recommended.

In my opening words I said we give our support to this measure in spite of the speech the Minister of Justice made last evening. He will not be surprised if I say that to me it was one of the strangest speeches I have heard for a long time. It was supposed to be a speech—at least so it seemed—in defence of the virtues, the glories and the strength of free private enterprise. Yet the very fact that the minister had to bring in this bill in order to keep free private enterprise from running away with things is an admission of an inherent weakness in what is called free private enterprise.

The minister was not satisfied just to sing his paeans of praise to free private enterprise. He felt that he had to take advantage of the opportunity that was his to make a speech in order to let it be known that he does not agree with socialism. He made what no doubt to him is a case for the position he took; but I must say, Mr. Speaker, that it sounded a bit strange to me to hear this long attack on the whole idea of socialism coming from a minister of a government which operates a national railway system, a telegraph system, a system of hotels and Trans-Canada Air Lines. That government also operates several steamship lines such as Canadian National Steamships and Park Steamship Lines. It owns and operates very effectively the Polymer Corporation producing synthetic rubber. It owns and operates Eldorado Mining and Refining Limited. It is in the radio business; it has the C.B.C. It is going into television. It operates a mint and a printing bureau. It operates the Bank of Canada. It is in the business of government annuities. This government also has the Central Mortgage and Housing Corporation. It develops power for the Northwest Territories. It owns and operates the Canadian Overseas Telecommunication Corporation; it operates the telephones in certain parts of this country. It owns and operates Canadian Arsenals; it has a complete monopoly of the manufacture of munitions. The most important development of our time is atomic energy, and that is completely under the control of this government. Yet we had this same minister standing up last night and saying: "We must stay as far away from socialism as we possibly can."

Mr. Ferguson: That is from the bitter experience they have had in operating all these things.

Mr. Knowles: No; their experience in operating most, if not all, of these things has been very good. In fact some of them such as Polymer, T.C.A., and some of the others I have mentioned are mighty good examples which private enterprise could not possibly emulate.

Mr. Fraser: Go easy.

Mr. Knowles: Not only did the Minister of Justice put himself in this ridiculous position by attacking—

Mr. Ferguson: You will give them so much encouragement that they will be giving away wigs and false teeth.

Mr. Knowles: To the hon. member for Springfield and others, I suppose.

Not only did the Minister of Justice indulge in this tirade against socialism, despite the extent to which they have had to accept the idea that there are some things the community has to do for itself through the agency of government rather than leaving it to private enterprise; he also seemed to overlook the fact that this great, strong creature known as free enterprise that is supposed to stand on its own feet and do so much for the good of the country and the people generally is forever coming to the government of which my hon. friend is a minister for assistance of one kind and another.

There are tariffs, subsidies and subventions; there are freight rate adjustments, to say nothing of what is done for private enterprise by government contracts. Let me remind the minister also of the tremendous amount of assistance that so-called free private enterprise gets out of services provided by the people through their government. I could mention, for example, the post office, the dominion bureau of statistics, the national research council, the coal board, the maritime commission, the meteorological service; I could also mention aids to navigation of various kinds, the building of the trans-Canada highway and the defence highways that were asked for today, and also this matter of war

risk insurance that was brought up today. In other words, Mr. Speaker, is it not a fiction to talk about free private enterprise in the terms in which the minister indulged last evening?

I must also remind the minister, who states that free private enterprise, free competition as he describes it, is a way of achieving or providing a decent standard of living for great numbers of people, that the facts belie that assertion. He knows of the great numbers of people in this country who do not pay any income tax at all because their incomes are below the very low exemption levels set by this government. Private enterprise has failed them by the millions. He knows too how necessary it has been for his government to respond to our demands for increasing measures of social legislation such as family allowances, old age pensions, and some day we hope health insurance, although it is taking a lot longer than it should to win that measure of social reform. But why do we have to win these things? Because private enterprise does not distribute the wealth that is created under it on a fair and equitable basis to the people who work under private enterprise. Thus it becomes necessary, even with the measure of social conscience that resides in some of the members of the present government, to take steps in the name of the people to correct the abuses, to correct the things that are wrong in free private enterprise and give the people of the country a little bit of a break.

Therefore, Mr. Speaker, I suggest that the speech the minister made last night, the first half of it at any rate—and that seemed to be the part he most enjoyed giving—was ridiculous in the extreme, and that it was made in complete disregard of the facts of the situation.

As I have already said, the very fact that the minister is bringing in this bill, the very fact that we have had combines legislation on our statute books for the past 42 years, is an admission that it is inherent in the nature of capitalism, it is inherent in the nature of free private enterprise, to go in the direction of monopolistic control. It is inherent in its very nature that you get this concentration of economic power which can be and is used to deprive the workers and the farmers of a country such as ours of their fair share of the wealth they produce.

Therefore I submit, Mr. Speaker, that if the Minister of Justice felt that on some occasion he wanted to make a speech in defence of free private enterprise he certainly chose the wrong occasion when he was introducing a bill, the very introduction of which is an admission of one of the major faults of so-called private enterprise. In other words the bill before us, Mr. Speaker, is nothing more nor less than the admission of an avowed private enterprise Minister of Justice that the inherent nature of private enterprise is such that it works against the interests of the people of the country, and that it has to be checked by legislation of this kind.

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

Mr. Knowles: Yes.

Mr. Garson: Will he say that the enactment of the Criminal Code is an indication of the criminality of the whole Canadian people?

Mr. Knowles: The Criminal Code relates not only to the Canadian people but also to some of these corporations the minister has to deal with.

Mr. Welbourn: Answer the question.

Mr. Knowles: Certainly; I do not mind answering the question. The very fact that we have laws is an admission that there are tendencies and directions within us that for our own good we have to control, and I submit that the same thing applies to the type of economy the minister is trying to control by this law which is an amendment both of the Combines Investigation Act and the Criminal Code to which the minister has now referred.

As I was saying, Mr. Speaker, it seems to me that the minister chose the wrong occasion to come to the defence of private enterprise, but I thank him for giving us this opportunity; otherwise I am sure I would have been out of order in pointing out the weaknesses of private enterprise and the extent to which even this private enterprise government has had to move in the direction of socialist thinking, both in the extent to which it has gone into public ownership and in the extent to which it has had to introduce social legislation for the good of the Canadian people.

Mr. Ferguson: May I ask another question?

Mr. Knowles: Yes.

Mr. Ferguson: There are laws on the statute books which say you cannot drive a car while intoxicated. Would you think that the socialist idea of running affairs would remedy that situation? Would there still be a few drunken drivers? You talk as though the law was the ruination of the country.

Mr. Knowles: I cannot imagine a more irrelevant question.

Mr. Ferguson: No, it is not.

Mr. Knowles: It has no bearing whatsoever.

Mr. Ferguson: You select your laws; that is all. There is only a difference in laws. They are both on the statute books.

Mr. Gillis: Why do you have handcuffs?

Mr. Knowles: I am glad to hear the hon. member for Simcoe North and any others of his party coming to the defence of the Minister of Justice in this debate I am having with him. This is one occasion where we have the dividing lines in this house properly drawn. The Tories and the Liberals are in the same camp, where they really belong. They are both very glad to come to the defence of private enterprise; and while I do not blame private enterprise for seeking defence—it needs it—if that is the best it can get it is still in a bad way.

Mr. Ferguson: I am all for private enterprise; there is no doubt about that.

Mr. Knowles: Well, then, the hon. member for Simcoe North and the Minister of Justice are in the same bed.

Mr. Ferguson: I would not say that.

Mr. Gillis: You would need twin beds.

Mr. Knowles: And I hope they enjoy it.

Mr. Ferguson: After the mess the socialists made of it in England—

Mr. Knowles: My hon. friend refers to England. I was not going to refer to it, but that is an example of one country which had a chance to try democratic socialism, and after a time thought maybe it should go back to the other way. Actually it was a minority vote that put the Tory party back to power. And just look what has happened in the few months that a capitalist government has been in power. The people of that country are voting the other way in all the local elections, and making it clear that having tried both, one after the other, they know now which it is they want, in their interests.

An hon. Member: Saskatchewan?

Mr. Knowles: And my hon. friend wants to know about Saskatchewan. We will discuss that tonight.

Mr. Croll: No; now.

Mr. Knowles: Now, Mr. Speaker, perhaps you would like me to discuss the bill—

An hon. Member: For a change.

Mr. Knowles: —and I would not blame you if you did. Replying to the hon. member who interrupted, it was a change last night when the minister got through with his discussion of economic theories, and got around to the bill itself.

As I indicated in my opening remarks, we welcome the introduction of the bill because of the fact that at least in part it implements some of the recommendations made by the MacQuarrie committee. I have already referred to the part it does implement; and we think it is a good idea to separate the differing functions connected with the combines investigation authority.

However we feel, as indeed the hon. member for Eglinton (Mr. Fleming) has already said, that what is really important in this effort of a capitalist government to curb these capitalist emanations is the earnestness or the enthusiasm with which they pursue the terms of the legislation. As the hon. member for Eglinton has reminded the minister, we had an example in 1949 where the earnestness of that pursuit was somewhat weak, and where the minister delayed for a number of months even the tabling of a report. That means that in giving approval to the bill, as we do, at the same time we express the hope that the minister and the government will really be vigilant in trying to check these monopolistic practices.

In that connection I would point out that the MacQuarrie report is not the first occasion upon which monopolistic practices of private enterprise have been drawn to the attention of the minister and the government. That fact has been implied in practically all the reports made to the minister and the government in recent years. But I would remind the minister in particular of Mr. McGregor's report on Canada and international cartels, which was submitted to the then minister of Justice on October 10, 1945. As the hon. member knows, this is a very interesting document, and a very damning one, too, so far as private enterprise is concerned. It goes beyond the question of local domestic monopolies and deals with the part that is played in our economy and in that of the whole world by international cartels.

Mr. McGregor points out in this report that there are a number of instances where these international cartels seemed to regard themselves as above the laws of this or any other country. He also pointed out a number of instances where the people of Canada have been denied certain products, such as long-life light bulbs, and have been denied cheaper products such as radios and the like, because of the practices of international cartels.

The report of the then commissioner is very useful, and in it he made a number of very definite recommendations. In the main those recommendations are set out in the last few pages of the report. I put a number of them on record when we were debating resale price maintenance last fall, and I shall not quote them again. But I do remind the minister that very few of the suggestions made on that occasion by Mr. McGregor have

been implemented by the government since then. Some of Mr. McGregor's comments at that time are in fact re-echoed in the MacQuarrie report. For example, I refer to page 63 of the report to the Minister of Justice made by the committee studying combines legislation, and without taking time to read them I find there the committee suggests that various aspects of federal government policy should be reviewed so as to assess the monopolistic effects of things other than those covered by the combines legislation itself.

Mr. Garson: What page is that?

Mr. Knowles: It is page 63.

Mr. Garson: On the typewritten copy?

Mr. Knowles: Yes; is there a printed copy?

Mr. Garson: Yes.

Mr. Knowles: Mine has not yet reached me, but on page 63 of the typewritten copy there is a particular reference to tariffs, patents and other remedial action, and to the broad question of federal government policy. I would ask the minister to compare what the MacQuarrie committee recommended with the conclusions and recommendations Mr. McGregor made in his report of October 10, 1945. If he does this he will see that both make it clear that if we are going to limit monopolistic practices in Canada it calls for vigilance on the part of the government, not only by way of putting legislation like this on the statute books but vigilance right down the line.

I am sorry the minister did not see fit to carry out the recommendations of the MacQuarrie committee with respect to tariffs and patents. I noted what he said last night, that he felt that perhaps the commission might pursue this matter but that he did not feel it should be dealt with by way of legislation.

Something very significant happened here this afternoon, when the hon. member for Eglinton, who preceded me in the debate—he is a Tory member, and the Tories are usually inclined to favour tariffs—expressed regret that the recommendation with respect to tariffs had not been implemented by the minister. The only conclusion I can draw from what the hon. member for Eglinton said —and in this I hope I am not doing the hon. member for Eglinton an injustice—is that he felt there are cases where tariff policy, with tariffs too high, encourages monopolies in Canada. It was the suggestion of the hon. member that the tariff policy should be reviewed, in the light of anything that could be done to lessen monopolistic practice.

Well, when the MacQuarrie committee makes that recommendation to the government, and when the Tories support it, and when, as I am sure there is, there is support from the Social Credit party, as well as from ourselves, I do not know what the minister is waiting for, or what is holding up this Liberal government. I thought the Liberals were supposed to be low-tariff or free trade people. Here we have the MacQuarrie committee and all the opposition parties in the house, including the Tories, urging action along that line, and the minister saying, "We do not think we can deal with it in a legislative manner."

That simply underlines the point I made a moment ago, that if we are going to place any fetters upon the monopolistic tendencies and practices of free enterprise, it will call for more than just putting legislation on the statute books. It will call for more than just a new paper organization. It will call for real vigilance and real determination on the part of the government.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I have only a word or two to add concerning this legislation. In principle I think the bill is good. However, we have had discussions on other occasions, particularly in the debate on price maintenance, at which time most members expressed their views on this subject.

I recall that when I spoke on that occasion I said, in effect, that Canada would have to be cautious in taking action so as to have any effective control over combines. What I meant on that occasion was that our legislation as it stood today was not effective as far as controlling combines was concerned. I stated that this country was fast becoming infested with combines and that some drastic action would have to be taken if we were going to keep this country under free enterprise.

Let it not be said for a moment that I am favouring any other system except free enterprise.

Mr. Knowles: You are in the same bed too.

Mr. Johnston: I hear the hon. member for Winnipeg North Centre say, "You are in the same bed too." I thought he was referring to twin beds when he spoke. Let me assure him that there would not be room in that bed for Social Credit. In fact I am inclined to think that the socialist party is pretty much in the same bed with the Liberals because if there has been a government that has shown a tendency to socialize things and make a mess of them, it has been this government.

Let me refer to a few of the instances to which the hon. member for Winnipeg North Centre made reference. I was quite astonished

that he should have referred to them. One is the national housing program. I cannot think of any organization that has made a greater mess in Canada than the national housing organization.

Some hon. Members: Oh, oh.

Mr. Johnston: Oh, yes. I know they have built houses—

An hon. Member: What else do you want?

Mr. Johnston: A member says, "What else do you want?"

Mr. Knowles: He wants twin beds.

Mr. Johnston: Let me tell you what I want. I do not think the purpose of a national housing program should be merely to build houses, no matter what kind of houses they are. Such a program should be building decent houses. Let there be no misunderstanding about it. There is no project being carried on in Canada where a greater mess has been made than in the case of national housing. All you need to do is go to Calgary, Vancouver, Montreal and Ottawa, especially over in Hull. I can take you over there and show you some houses which have to be propped up with poles.

An hon. Member: Order.

Mr. Johnston: That is just one example. I am not in favour of the government running these projects. When they become public utilities, that is a different matter. But when we come to things like the C. B. C. and national housing it is not in the best interests of the country to have the government take control. I do not mean to imply by this that free enterprise is without fault.

An hon. Member: It is not free.

Mr. Johnston: One member says, "It is not free." I do not know that it should be entirely free to do exactly as it likes, any more than an individual should be free to do exactly as he likes regardless of whether or not he is infringing upon the rights of his neighbours. That is a difference between socialism and so-called private enterprise. There is a limit to which either private enterprise or the individual may go without infringing upon the rights of other citizens.

Mr. Knowles: Private enterprise is not building houses for those who need them.

Mr. Johnston: The government is trying to build them, but what houses. That is what I am objecting to.

An hon. Member: Better than no houses.

Mr. Johnston: The other day we had the report which was made to the Minister of Justice (Mr. Garson) by the committee studying combines legislation. That report contains some important recommendations. One thing the report points out is that there must be constant and careful supervision to see that private enterprise does not overstep its bounds and come to that place where it becomes detrimental to public interest. I am sorry the minister has neglected to include in his legislation one of the recommendations of this committee, which was referred to by the hon. member for Winnipeg North Centre. On page 63 of the report reference is made to tariff, patent and other remedial action, and the following recommendations are made:

1. That the use of the tariff and patent clauses of the act should be given special consideration in cases presented before the board.
2. That section 29 of the act dealing with tariff action and section 30 of the act dealing with patent action be amended in order to make the requirements of the public interest the condition justifying a recommendation and action in these respects.

This was referred to not long ago by the hon. member for Charlotte (Mr. Stuart) in connection with automobile tires. He has pointed out on a number of occasions, and I have always supported him, that a monopoly exists in this country in the rubber industry, particularly as applied to automobile tires. He has suggested on more than one occasion that one of the most effective ways of dealing with this problem would be through the tariff. The minister made reference to this the other day and said he did not think it should be brought in under this legislation, that there were more effective ways of dealing with it.

It seems to me that when a company, whether it be a rubber company, automobile company or any other, abuses a privilege action should be taken, and taken immediately. There is no reason why tires in this country should sell for $37, $38 and $39 when exactly the same tires are being sold in the United States at exactly one-half the price. In many cases the raw materials come from the same source. The same thing can be said about automobiles. Why should we in Canada have to pay $500, $600 or $700 more for a car identical to the ones made in the United States? These cars are manufactured by the same companies. Labour is cheaper in this country than in the United States and, as I said, in the case of tires the raw material comes from the same source. The same can be said in the case of radios and refrigerators.

An hon. Member: And a case of beer.

Mr. Johnston: Probably the hon. member is an authority on that; I am not. These are things which cause people to sit up and wonder, and ask what is private industry in

Canada doing. They want to know why they should be penalized in such a way. I do not blame many people for having, shall I say, socialist tendencies when they see such injustice being passed out. That is the sort of thing that causes discontent with private enterprise. Let us not kid ourselves about it.

I am convinced that the efficiency of private enterprise far surpasses that of socialism. The minister indicated that quite clearly the other day when he pointed out that under free enterprise the standard of living in this country is so much higher and the freedom of the people is so much greater than in those countries having other forms of government.

Mr. Knowles: Our great resources in North America may have something to do with it.

Mr. Johnston: Yes, they may and no doubt have; but the fact of the matter is that our liberties are greater, our standard of living is greater and our employment problems are less than in these other countries.

An hon. Member: It must be a good government.

Mr. Johnston: No; as I explained the other day it is not the federal government—

Mr. Fleming: It is in spite of the federal government.

Mr. Johnston: —to which the credit should go for bringing about prosperity in Canada. Every member of the house knows that industry is under the control of the provinces, and it is the provinces together with private enterprise that have created prosperity in Canada despite the federal government.

Mr. Knowles: You fellows are not only all in the same bed; you are all mixed up.

Mr. Johnston: I think too little emphasis has been placed on the control of monopolies. There have been some prosecutions in the past. There was a prosecution of the glass industry. They did not even bother to defend the case. They said: Sure we are guilty, we created a combine, we set prices, and so what? The court imposed a fine of $10,000. Isn't that ridiculous? They would have made more than that in a week's business, and the price of glass has not been affected one bit. Other combines have been prosecuted, found guilty and fined, but what effect has it had in the lowering of prices? Not one bit. Therefore our legislation must be defective in some way. The government has not taken any steps to see that prices were lowered as a result of these prosecutions and convictions. I know about the price maintenance legislation, and in general I think it was a good thing; but so far as combines are concerned something more drastic must be done.

The committee pointed out two very essential things that could be done, making use of the tariff and making use of the patent rights which these companies possess. I am disappointed that the Minister of Justice (Mr. Garson) has overlooked that important part of the committee's recommendations and, as the hon. member for Battle River (Mr. Fair) has said, has in effect taken the teeth out of the legislation, something that is vitally needed. There are very few large concerns in this country that have no suspicion of monopolistic control about them. If we allow that situation to continue there is nothing that will destroy free enterprise faster. If we want to maintain the system which we think is the proper one and which has given such good results, then we must guard it very zealously.

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

On section 1—*Commission.*

Mr. Fleming: I should like to make a suggestion to facilitate consideration of the clauses of the bill. We observe that section 1 of the bill is quite short but that section 2 actually extends over to the middle of page 14. It purports to rewrite about fifteen sections of the present act. May I suggest that when you come to call section 2 of the bill you call the sections of the act as proposed to be revised?

The Deputy Chairman: Is that agreeable?

Mr. Garson: Agreed.

Section agreed to.

Section 5 (section 2) and section 6 (section 2) agreed to.

On section 7 (section 2)—*Application for inquiry.*

Mr. Fleming: The present act provides for the initiation of an inquiry in three ways, one of which is on the complaint of six persons who are British subjects resident in Canada. It is proposed to change that to read, "any six persons, Canadian citizens, resident in Canada." Why should the language of the present act be narrowed? Surely if there are any reasons to suspect the existence of a combine we want to encourage persons to lay the available information before the director of investigation, and surely it does not matter whether or not they are Canadian citizens. The important thing is the information they put before the director, and as long as they are responsible persons and

are British subjects resident in Canada of the full age of 21 years I should think that is good enough to qualify them to make their representations to the director. It will then be up to the director to decide whether the evidence is strong enough to warrant investigation. Why confine it to people who are Canadian citizens as well as having these other qualifications?

Mr. Garson: I do not think there is actually any narrowing of the subject matter at all. If my hon. friend will look at the old section 11 which is printed on the opposite pages he will see that it reads as follows:

11. (1) Any six persons, British subjects, resident in Canada, of the full age of 21 years . . .

The changing of the term to "Canadian citizens" is simply a reflection of the enactment of the Canadian Citizenship Act. It is a consequential change.

Mr. Fleming: It goes a good deal farther than that. I do not think the minister has grasped the point I am making. There can be persons who are British subjects resident in Canada and who are not Canadian citizens. Surely we wish to encourage people who have knowledge of the existence of combines to make these facts available to the director of investigation; then why confine it to Canadian citizens? There may be British subjects resident in Canada who have not yet qualified for Canadian citizenship because they have not been here the full five years but nevertheless have information of the kind sought here and be in a position, except for this proposed amendment, to put it before the director. The effect of the amendment is to narrow the class of persons who can make a complaint to the director. I cannot see any justification for narrowing the kind of persons who can make these complaints. If we want to encourage complaints I think we should be widening the class of persons and not narrowing it. The effect of the proposed amendment is to eliminate British subjects resident in Canada 21 years of age and over who are not yet Canadian citizens.

Mr. Knowles: Instead of changing "British subjects" to "Canadian citizens" I wonder if the minister would consider deleting that phrase altogether so it would read, "any six persons resident in Canada". I realize the point the minister is making, namely that what the drafters thought they were doing was simply bringing the language up to date in view of the enactment of the Canadian Citizenship Act. I would agree to that, but if the point made by the hon. member for Eglinton has to be considered then we would want the wording to extend not only to residents in Canada who are British subjects but not Canadian citizens but also to others who happen to be here for the required length of time.

Mr. Garson: I do not think in actual practice it will make very much difference in any case that is likely to arise. In point of fact over the years the occasions upon which this section has been invoked have been very limited. It does seem that where the results of the action taken by six Canadian citizens may put the suspected company to a very great deal of expense and inconvenience, even if ultimately no case is found against the company, it is not at all unreasonable to limit that to Canadian citizens. If in a given case we will say that six persons who are not Canadian citizens come across a flagrant set of facts, it does not seem likely they would have much difficulty in finding six Canadian citizens whom they could get to sponsor their case for them. I think we are labouring a point that, in practice, is not of very great importance.

Mr. Fleming: The minister's wish may prevail in this matter, but I want to express my opinion. It is a mistake to narrow the terms of the act here. We are looking for more effective terms, and I think it is a mistake to narrow them as this amendment will do, and to confine the type of person who can make a complaint to the directors.

Section agreed to.

Section 8 (section 2) agreed to.

On section 9 (section 2)—*Notice or written returns.*

Mr. Fleming: There is a point I should like to raise here which applies not only to this section but to sections 10 and 12. It is the confining of the application to an ex parte basis, that is to say the application of the director to the commission or a member of it. We have a similar provision in section 9, subsection 2; in section 10, subsections 3 and 5 and in section 12, subsection 1. In every case the director makes an ex parte application to a member of the commission for the various orders that are provided for here. I am wondering if it is not feasible, in at least some of these cases, to make the application on notice to the party affected. Is there any great harm in these cases in making the application on notice?

Mr. Garson: We are asking the director, under the new bill, to make these ex parte applications for permission to take steps which the commissioner, under the old act, has the power to take on his own initiative. We are, therefore, already imposing some restrictions upon the discretion of the director in that respect. I believe it would be unwise

to do so upon notice, because if it were upon notice then there would have to be a hearing before the director could move at all. During the delay caused thereby the documents or information which were sought might become unavailable. I think that what we have provided is the utmost precaution that we should insert in the present bill.

Mr. Fleming: This calls for some comment. Under the proposed new structure the commission has certain powers that the minister described last night as quasi-judicial. I think it is desirable that the judicial functions of the members of the commission be emphasized as much as possible. In each of these cases where provision is made for an application to the commission by the director, they are fairly serious matters.

For instance, section 9, subsection 2, relates to the demand for written returns which can be compelled by an order issued by a member of the commission on an ex parte application by the director. Under section 10, subsection 3, it is an order authorizing entry upon the premises of a person. Under subsection 5 of section 10, it is a provision for directing a police officer or constable to take steps in order to guarantee an authorized representative admission or access to the premises. I shall not deal with the other one for the moment. It strikes me that when importance is attached to the judicial functions of the commission, regard should be had to the possibility of giving notice before an order is applied for under these various sections. I cannot see that any harm would result, because while the minister talks about the possibility of records disappearing, the fact of the matter is that the individual or corporation concerned already knows or has reason to suspect that the director is very much interested in them.

Mr. Garson: Not necessarily.

Mr. Fleming: I think if the minister will look at these sections again he will realize that in at least some of these cases an order would only be applied for after some attempt had been made to achieve the same results without recourse to the strong methods that are provided for here. It strikes me, Mr. Chairman, that having regard to the judicial nature of the commission—a fact that I hope is going to be carefully stressed in the administration of the new act—in at least some of these cases these applications could well be made upon notice. They are dealing in some cases with quite responsible people and there is no reason why, if a member of the commission thought it desirable that notice should be given to the person or corporation concerned, he should be prevented from directing that the person be notified.

Mr. Garson: If the hon. member will reflect for a moment upon the fact that, under the present act the commissioner has the power to do all these things upon his own initiative, and in the great majority of cases when he or his representative goes to the premises of a suspected corporation, the actions he carries out there in accordance with his powers under the act are in most cases acquiesced in by the suspected corporation, the hon. member will come to the conclusion that we have gone a great distance for the suspect's protection in asking the director to acquire authority from the commission on an ex parte application.

Mr. Fleming: I think the change is good as far as it goes.

Mr. Garson: Yes, as far as it goes; but I do not think we would want to go any farther, because I would take issue with the hon. member with regard to the judicial character of that particular function which the commission will discharge. It is not analogous to the judicial consideration which a magistrate, for example, gives on a preliminary hearing of a case which comes before him and in which he does exercise a judicial function. It is more analogous to the discretion which a magistrate exercises on the application which is made to him by a police officer for a warrant, and granted on an ex parte application.

If every time the director moved in any direction to take any steps under the act he had to serve notice on the suspected corporation, have their counsel come down for a hearing and argue all of this out, in some cases he might not need to take any further steps because, as I said a moment ago, it might just happen as a matter of coincidence that the material which he was seeking would not at that time be available. I do not think the government could consider for a moment hedging this around with any further restrictions than the ex parte application.

Mr. Fleming: I do not suggest that what I am proposing should apply in every case. I believe that if we have the kind of men on this commission who should be there they would be quite capable of deciding whether in the interests of justice an order should be made ex parte or on notice. I believe the commission should have the power to decide whether the case is of that nature.

Section agreed to.

Section 10 (section 2) agreed to.

On section 11 (section 2)—*Inspection of documents.*

Mr. Fleming: Here we have the introduction of the word "documents" which is new. Up to the present time the statute has talked about books, papers, records. In other sections which we shall be coming to the word "documents" will also be found. What is the nature of the documents that are in the mind of the draftsman and which are not included within the previous words "books, papers, records"?

Mr. Garson: I do not think I could refer my hon. friend to any specific example. I think the reason that this word has been introduced is that during the course of our experience under the existing act we have found papers and writings which perhaps could not be brought under the heading of "books, papers or records" if these words were closely interpreted. That word "documents" is put in there out of caution so we can cover all the types of paper writing that we are likely to gather in an inquiry of that sort.

Mr. Fleming: The minister will agree that probably the word "documents" is not any wider term than the expression "books, papers and records".

Mr. Garson: I think it might be, might it not? For example, a contract or a lease.

Mr. Fleming: Is that not a paper?

Section agreed to.

Sections 12 to 15 inclusive (section 2) agreed to.

On section 16 (section 2)—*Commission.*

Mr. Fleming: In section 16 we come to these important provisions designed to set up the restrictive trade practices commission consisting of three members appointed by the governor in council. I should like to ask the minister what type of person the government has in mind appointing to such a commission. What qualifications does the government intend that the members shall have? Shall they be engaged full time as members of this commission? Is the government considering appointing a woman as one of the three members of the commission? What kind of experience is the government looking for in the persons who are going to be appointed to this commission? Are they persons who have had any experience in trade, business or merchandising?

Mr. Garson: To answer the various points of my hon. friend's question one by one, I might say that these members of the commission will all be full-time appointees. They will be appointed for a term of ten years in order to give them security of tenure in their positions. They will be lawyers, economists or professionally trained men or women of that sort who, in addition to a good academic training, have as much experience as we can secure in the candidates who present themselves. I expect that it may take a little bit of time to get people who are in every way suitable for these positions because we would rate them, as I am sure my hon. friend suspects, on a par with a judge in the courts. They are going to be discharging quasi-judicial functions of an exceedingly onerous character. We had considered and had rejected the idea that the commission should be representative of, say, the farm, labour, consumer or the producer viewpoint, upon the ground that, unless we had a very large commission, it would be impossible to have represented upon it all the viewpoints which perhaps it would be thought should be represented on a commission that was set up on the basis of occupational representation. They will therefore be appointed largely in the same manner we appointed the MacQuarrie committee itself, namely upon the basis of their personal competence, having regard to their theoretical training and their practical experience.

Mr. Fleming: What salaries does the government propose to pay?

Mr. Garson: What we had in mind was a salary of $14,000 for the chairman and $12,000 for each of the two members.

Mr. Balcom: May I ask the minister if the members of this commission are all to be professional lawyers?

Mr. Garson: No. When I cited the case of lawyers and economists, I was citing those as examples of men who had a thorough academic foundation; but in addition to that we would want them to have a great deal of practical experience as well. Of course it is easy enough to discuss this matter in an abstract manner now, but I am sure hon. members realize that when we are faced with the problem of actually getting suitable appointees we cannot always get them according to a certain blueprint. We have to confine our choice to those who are available and are willing to take the position. It is quite conceivable that we might find a certain Mr. John Doe who might not have too high an academic standing but yet he might be an admirable man for the position by reason of his long practical experience.

Mr. Graydon: Or a lot of common sense.

Mr. Garson: Yes; or a lot of common sense.

Section agreed to.

Sections 17 and 18 (section 2) agreed to.

On section 19 (section 2)—*Report by commission.*

Mr. Fleming: Mr. Chairman, this is the clause which, by subsection 3 thereof, proposes to enlarge from 15 days to 30 days the period within which the report of the commissioner must be made public by the minister following his receipt thereof. What justification is there for doubling this period?

Mr. Garson: I do not think that I could bring forward a better concrete example to support the proposed increase of this period than the rubber report which I tabled quite recently. The present period is 15 days. All that the present commissioner or the new commission is required to do in order to comply with his duty imposed under the old act or under the new bill is to attend at my office and tender to me a typewritten copy of that report. If they do that, then I have to give it some consideration and arrange for its reproduction by some mechanical means. As a matter of fact, that report which was tabled the other day was run off in the department and it took, on quite a good machine, about 12 days to reproduce 200 copies of it.

I suggest that three days of a difference is an altogether inadequate time allowance for a minister to receive a document of that sort and be under a statutory obligation to have it published. You cannot publish a report of that sort, in any fairness to a proper consideration of the public interest, by simply bringing here a couple of typewritten copies and leaving them on the table. If we are going to do the type of job in that respect which the act contemplates and get proper publicity for it, we must make sure that when the report is tabled there are an adequate number of copies and of press releases to service the press gallery; because it is only through the medium of the newspapers of this country that any of our activities in this house are brought to the attention of the people. To table two copies of this report and leave it to the press to come down, look through those copies and prepare their material would be out of the question altogether. When you see the mechanical difficulty which is involved in properly publishing this report, getting it out in such a way that the public interest will really be informed upon the subject matter, that 15 days is an altogether inadequate period. I do not think 30 days is by any means too much; but in any event, in what way can the public interest be prejudiced in having the publication made adequately within the period of 30 days? There is only a difference of between 15 and 30.

As matters stand now, any commissioner or any chairman of a commission, if he took a dislike to the minister, could put him in an utterly impossible position by taking a typewritten copy of the report and leaving it on his desk. Then the minister will have a desperately hard time ever getting it published properly within the 15-day period. That is not a situation which I think should obtain and I very strongly urge that we leave the 30-day period as it is.

Mr. Fleming: It is quite evident that the publication does not involve any act on the part of the minister. He is not obliged to sift through that report and reach any fundamental decision in regard to it. All the statute requires of him is that he should make the report public within 15 days. The minister has given a rather striking example. The report which he tabled a week ago Monday, June 2, on the rubber combine was voluminous, and undoubtedly the task of multigraphing it was heavy. But this provision was written into the act for a definite purpose, namely to make sure that when reports are made by the commissioner under the old act they are not pigeonholed but are promptly made public. The language of section 27, subsection 5, of the present act is mandatory, and that time limit was put there for a very good purpose.

Mr. Garson: And the language of the new legislation is also mandatory.

Mr. Fleming: Yes, it is also mandatory but with a period double the present length. Having regard to the purpose here and to our experience of 1949, I do not think this is the type of section with which we would wish to see any liberties taken. My submission is that the period of 15 days ought to remain as it is. All the minister has said today is that the multigraphing of the rubber combines report proved to be a heavy task and required 12 days. Well, all right; most of the reports do not come to anything like the length of that one, and the minister did have that report mimeographed. Copies were available to the press gallery on the twelfth day. Therefore, Mr. Chairman, the minister has not made a case for an extension of this period.

Having regard to the importance of this section, both in its intrinsic merits and also in the light of the experience of 1949, my submission is that the effect of the legislation should remain as it is. If the minister is not prepared to accept the suggestion I shall be obliged to move the following amendment:

That clause 19 (3) of Bill No. 306 be amended by striking out the word "thirty" in the first line of the said clause, and substituting therefor the word "fifteen."

Mr. Garson: I am sorry, Mr. Chairman, I cannot accept my hon. friend's suggestion.

Amendment negatived: Yeas, 14; nays, 45.

Mr. Knowles: Before the clause carries may I ask whether it is clearly understood that this section is mandatory and that any reports covered by this section must be made public within 30 days, without any exception?

Mr. Garson: If the question is addressed to me, I think I might say to my hon. friend that section 19, subsection 3, reads:

> Any report of the commission shall within thirty days after its receipt by the minister be made public, . . .

That clearly indicates that it is mandatory.

Section agreed to.

Sections 20 to 22 inclusive (section 2) agreed to.

On section 23 (section 2)—*Former civil servants contributors under superannuation act.*

Mr. Fleming: In section 23 provision is made for preserving the rights of former civil servants who might be appointed to the commission. Is there any intention of appointing to this commission persons who are now in the civil service, because if there is not there is no occasion for enacting this section?

Mr. Garson: My hon. friend has just uttered a truism. If there is no possibility of appointing a civil servant, there is no purpose in this section. The fact that the section is there is an indication that that is one of the possibilities we have under consideration. For example, we would not want to exclude a man who in every respect was a first-rate appointee for a position of this sort, merely because at the time he happened to be a servant of this government.

Section agreed to.

Sections 24 to 26 inclusive (section 2) agreed to.

On section 27 (section 2)—*Minister may require interim report.*

Mr. Fleming: I have a point on section 27. Under this section the minister may require the director to submit an interim report, and the report has to be accompanied by the evidence and the director's opinion as to the effect of the evidence. I point out this section applies only to an interim report. I should like to offer a word of caution against pressing the director for an opinion on these interim reports before he has completed his entire work of investigation. I do not think our experience of interim reports on situations of this kind is too good.

Mr. Sinclair: Very good.

Mr. Fleming: Without harking back to what happened last fall—it is so obvious I do not think we need to dwell on the subject—I just offer the suggestion to the minister that the opinion, under many circumstances, required of the director in the case of an interim report before he has completed his investigation is not too valuable, and it is not altogether a fair position to put the director in, where he is called upon for an opinion before he has completed his investigation in any particular case.

Mr. Garson: My hon. friend will be glad to know that this is one occasion on which I agree with him, because if he will look across to the opposite page he will see that section 27 of the existing act confers a similar power upon the minister, which I can tell him I have not abused at all during the time that I have been minister.

Mr. Fleming: Has the minister used it?

Mr. Garson: Oh, I have had interim reports; but as a matter of fact these provisions in the act, as my hon. friend knows, as in many other acts, are there so they can be invoked if it is necessary to invoke them. But where proper relations exist between the minister and his staff it is never necessary to invoke any provision such as this, because all the information the minister requires, either in oral or written form, he can obtain quite easily. The practice is usually that we discuss these matters; and by the very friendly atmosphere that prevails in this branch of the department I find I can get all the information I require at any time either in written or oral form. I never have had to invoke this section at all.

Section 27 (section 2) agreed to.

Section 28 (section 2) agreed to.

On section 29 (section 2)—*Reduction or removal of customs duties.*

Mr. Fleming: Is it not felt that the tariff board would be the proper forum to which to refer any cases where it is thought any provision in the tariff has the effect of lessening competition or tending toward monopolistic conditions? I should think they are much better able to deal with questions of that kind than the commission to be established under this legislation would be.

Mr. Garson: There may be a good deal in what my hon. friend says. The main reason we did not carry out explicitly the recommendations of the MacQuarrie committee in connection with this tariff matter was that we thought, having regard to the powers in relation to tariff which were already contained in the present Combines Investigation

Act as it now stands, and also the wide powers the governor in council and the tariff board have under the tariff acts, there was already available quite a wide field of action. We thought that we could very well along the lines the hon. member has suggested make examinations as to whether these existing powers were not adequate in any case likely to arise. It was felt that after we had done so we would be in a much better position to draft an amendment to carry into effect the MacQuarrie recommendations if, after that experience, it was thought advisable to do so.

Mr. Fleming: Have there been any cases hitherto where reference has been made to the tariff board and where it was thought, under the present section 29 of the act, that the tariff had the kind of effect frowned upon by the combines investigation officials?

Mr. Garson: I would not like to identify it as being under the tariff board necessarily. I think there has been a case, or perhaps there have been cases, but I could not cite them at the moment. However, I can look into the matter and let my hon. friend know.

Mr. Benidickson: Perhaps it would not be unfair to say that those who recommended the recent reduction in the glass tariff were not unmindful of the inquiry made into the glass industry under this act.

Mr. Quelch: Is the board absolutely free to make any recommendations it likes respecting tariffs, or is it limited in any way by this section? Are they free to base their recommendations upon the public interest?

Mr. Garson: The tariff board itself?

Mr. Quelch: Yes.

Mr. Garson: Well, in connection with the consideration of this bill I must say I have not examined the Tariff Board Act recently, but my recollection is that they have a wide discretion in their act. To what extent they can take judicial notice of proceedings under the act we are now discussing, I would not like to say offhand. However I do not think they are greatly curtailed. The powers under the existing Combines Investigation Act and those of the governor in council under the tariff acts are all in addition to those which the hon. member for Eglinton says can be properly exercised by the tariff board in cases of this kind.

Mr. Quelch: What is the power of the commission in drafting a report under this act? Are they free to make recommendations in the public interest with regard to the tariff?

Mr. Garson: Does the hon. member mean the commission under this combines investigation bill?

Mr. Quelch: Yes.

Mr. Garson: Oh, there are scarcely any restrictions upon the recommendations which the commissioners under this Combines Investigation Act may make, so long as they are relevant to the inquiry they have conducted into an alleged combine. If my hon. friend will look at the relevant section he will see that they have to report upon the facts. The facts would include the state of the tariff.

Section 2 agreed to.

Section 31 (section 3) agreed to.

On section 32 (section 3)—*Penalty for operating combine.*

Mr. Fleming: Mr. Chairman, there is a point I should like to raise which would apply to several sections equally. I would refer to the proposed new section 32, and several of those following. We find the same thing at page 21 of the bill, in sections 498 and 498A of the Criminal Code. My observations will apply equally to all of them.

In these cases where, up to the present time, there has been provision for both fine and imprisonment by way of penalty for offences under the Combines Investigation Act, or these two sections of the Criminal Code, it is now proposed to eliminate any provision whatever for fines and to provide for penalties only by way of imprisonment. I wonder if that may not be likely to defeat the purpose in mind. I think all hon. members realize the purpose, and subscribe to the aim of making these penal sections stiff, so that when some person is convicted of an offence under the Combines Investigation Act, or under these two sections of the Criminal Code, a real punishment will be imposed, and so that those who may be contemplating becoming breakers of these laws will hesitate to do so, in the knowledge that they are rendering themselves subject to imprisonment. I am wondering, though, if there is not another consideration which ought to be taken into account. It may be that cases will arise where the degree of guilt does not greatly impress the court and where, if the court had power as it has at present, it would impose a fine. However, lacking the power to impose a fine and being faced only with power to impose imprisonment, it may be found that in these cases courts would simply impose suspended sentences.

Has serious consideration been given by the law officers of the Department of Justice

to this step of completely eliminating any provision for fines? I am not arguing for small fines, or the kind of fines that would not act as a very effective sanction in cases of this kind. As was done previously, let us make the possible fine a substantial amount. But is it desirable to tie the hands of a court in the way in which these amendments undoubtedly will tie its hands?

Mr. Garson: The hon. member has raised an important point. I might explain to him however that, while it is not so expressed in the bill, where an accused person is subject to a penalty of two years imprisonment there is section 1035 in the Criminal Code the effect of which will be retained in the new bill and which provides that at its discretion a court may impose a fine in lieu of that imprisonment. And since obviously most cases that arise under the Combines Investigation Act involve corporations which cannot be imprisoned, the court must impose a fine. The effect of the bill now before the committee is to remove the existing ceiling of $25,000 upon the fine imposed for offences against this act. The court may impose any fine it wishes, no matter how much, when this bill becomes law.

Mr. Fleming: Will that apply to breaches of the Combines Investigation Act, as well as of sections 498 and 498A of the Criminal Code?

Mr. Garson: That is right; to both.

Mr. Knowles: I was waiting for a later section to raise a point I have in mind, but perhaps it is related to section 32 and might well be raised now in view of the discussion that has taken place. The minister has just remarked that you cannot put a corporation in jail, but I remind him that there is another statute—I forget just which one it is—containing a provision that if directors of a company are parties to a certain offence they may be put in jail personally. That is also true under this legislation in respect of certain offences. For example, section 38, subsection 3 provides:

> Where a corporation commits an offence against subsection one or two any director or officer of such corporation who assents to or acquiesces in the offence committed by the corporation shall be guilty of that offence personally and cumulatively with the corporation and with his co-directors or associate officers.

When one looks at subsections 1 and 2 of that section he finds that a fine or imprisonment is possible, but it is also to be noted that the offences referred to are only offences against the sections that require co-operation in preparing reports or obtaining information. As the minister knows, one of my colleagues, the hon. member for Assiniboia, has actually brought up this question in the form of a public bill in which it is suggested that the wording of section 38, subsection 3, might include offences against section 32, which is the section we are now discussing, as well as against the subsections already covered.

Section 32 is the really important section. It makes it an offence to assist knowingly in the formation or operation of a combine. It seems to me that if we are going to put teeth in this legislation it is just as important, if not more important, to make it an offence for which a director of a corporation may be put in jail because he knowingly assisted in the formation of a combine, as it is to make it an offence to withhold co-operation in getting information for a report.

My suggestion is that when we get to section 38, subsection 3, there should be included as well a reference to section 32 in addition to the reference to subsections 1 and 2. Similarly when we get to section 498A I submit that a proviso should be added to the effect that where a corporation is involved the terms of section 38, subsection 3, might apply. No doubt the minister has given thought to this and I dare to hope that even though it has not yet come forward he has considered the bill standing in the name of the hon. member for Assiniboia. I should like to hear his comments on this matter.

Mr. Garson: If my hon. friend will look at section 32, subsection 1, he will find that it reads as follows:

> Every person—

That includes a corporation or an individual.

> —who is a party or privy to or knowingly assists in the formation or operation of a combine is guilty of an indictable offence and liable on conviction to imprisonment for a term not exceeding two years.

That means that under that section Mr. John Jones, who is a director or manager or official of an accused corporation, could be named in the indictment as a person responsible for knowingly assisting in the formation of a combine. But when we are considering whether we should so charge him, we must consider what effect it will have upon the course of the trial. Sometimes the proving of a case against an accused corporation may depend in some degree upon the evidence given by someone like John Jones, and it may not be advisable to name him in the indictment. If he were accused he might plead not guilty, and then he could not be called as a witness against either himself or the accused corporation.

My hon. friend will recall when we were amending the act, I think two years ago, it was provided that in all cases where a

charge was laid against a corporation that it should not have a jury trial but should proceed before a judge. In most cases that is more convenient. My hon. friend will recall that the case of the alleged bread combine in western Canada took up 100 court days. He can imagine how impossible it would be to keep jurymen away from their occupations for 100 court days, which might mean nearly six months of actual time. It would be impossible to obtain the proper consideration by a jury preoccupied with getting away to their own occupations. That was one reason for that amendment. Yet if we charge an individual he can elect a jury trial.

Those are considerations which have to be taken into account by the prosecutor when he launches his prosecution. The fact that individuals are not prosecuted is not because of any hole in the law under which they escape liability; it is simply that it is considered that this may be the best way to accomplish the conviction of the accused corporation.

Mr. Knowles: Would not that same disability apply to section 38, subsection 3, in so far as it refers to other offences? How do you draw the line between the offences set out in section 38, subsections 1 and 2, which can be punished by fine or imprisonment as provided by section 38, subsection 3, and the offences set out in section 32, subsection 1, in connection with which the punishment seems to be restricted to a fine?

Mr. Garson: Section 38, subsection 2, reads:

> Every person who, without good and sufficient cause, the proof whereof lies on him, refuses, neglects or fails to comply with a notice in writing requiring a written return under oath or affirmation, pursuant to section nine or subsection two of section twenty-two is guilty of an offence and liable on summary conviction or on conviction on indictment to a fine of not more than five thousand dollars or to imprisonment for a term not exceeding two years or to both.

That is a case where the investigator goes into ABC company and wants to get some information, and the people there adopt an attitude of resistance and non-co-operation. They would make themselves liable under this section. That is an easy offence to prove and there would be no particular difficulty in laying a charge against an official of the company under those circumstances. But the offence of a combine under section 32, subsection 1, is in most cases very difficult to prove because of the great complexities and thousands of exhibits that might be involved. So far as the rubber report is concerned, there were 8,000 pages of evidence and 4,000 exhibits, and that is before we get into the case at all. If in any case of that sort the man who has the very onerous responsibility of advising a prosecution feels that some individual is a key witness in the case he will hesitate very much about making him a defendant because he is more use as a witness than as a defendant. But it is not through any deficiency in the law. The law is as plain as a pikestaff. Every person who is a party or privy to or knowingly assists in the formation or operation of a combine is guilty of an indictable offence, whether it is a person who is a corporation or a person who is an individual.

Mr. Knowles: Is a person who is a director of a corporation and who is a party to the offence liable to be put in jail for that offence under the law as it stands?

Mr. Garson: Well, I think it would be very difficult to secure a conviction against him if he were able to show that he knew nothing about the matter, but if he took an active part in it and was a party to it then the terms of this section apply.

Mr. Knowles: That is what I mean. Under the terms of 32(1), if a director of a corporation is a party to an offence and it is proved that he knowingly assisted in the formation or operation of a combine, can he be put in jail?

Mr. Garson: Yes, if he is convicted.

Mr. Knowles: Good.

Section 3 agreed to.

Sections 4 to 11 inclusive agreed to.

On section 12—*Coming into force.*

Mr. Knowles: Can the minister say when it is intended to proclaim this act?

Mr. Garson: No, I cannot, other than to say as soon as possible. My hon. friend will appreciate that where we have to set up a commission and get good men to serve on it, we are setting up what in effect will be entirely new machinery. We cannot very well proclaim the act until we have the machinery in operation. We are going to do that as soon as possible, but I could not honestly pretend that I can forecast exactly when we will be able to accomplish that.

Section agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time?

Mr. Fleming: Next sitting.

Business of the House

BUSINESS OF THE HOUSE

Mr. Harris (Grey-Bruce) moved the adjournment of the house.

He said: Mr. Speaker, we might call it six o'clock if it meets with the approval of the house. Tomorrow we shall take up what is item No. 15 on today's order paper, second reading of the bill to amend the British North America Acts with respect to the representation in the House of Commons. We shall then take up the estimates of the departments of labour, fisheries, and mines and technical surveys.

Mr. Fleming: In that order?

Mr. Harris (Grey-Bruce): In that order.

Motion agreed to and the house adjourned at 5.55 p.m.

HOUSE OF COMMONS

Thursday, June 12, 1952

The house met at three o'clock.

NEW MEMBER

Mr. Speaker: I have the honour to inform the house that the Clerk of the House has received from the chief electoral officer certificate of the election and return of the following member:

Of Paul Henri Spence, Esquire, for the electoral district of Roberval.

NEW MEMBERS INTRODUCED

Joseph Leon Deslieres, Esquire, member for the electoral district of Brome-Missisquoi, introduced by Right Hon. L. S. St. Laurent and Hon. Alcide Cote.

N. C. Schneider, Esquire, member for the electoral district of Waterloo North, introduced by Right Hon. L. S. St. Laurent and Hon. W. E. Harris.

Gage Workman Montgomery, Esquire, member for the electoral district of Victoria-Carleton, introduced by Mr. George A. Drew and Mr. A. J. Brooks.

Albany M. Robichaud, Esquire, member for the electoral district of Gloucester, introduced by Mr. George A. Drew and Mr. A. J. Brooks.

Michael Starr, Esquire, member for the electoral district of Ontario, introduced by Mr. George A. Drew and Mr. Gordon Graydon.

Paul Henri Spence, Esquire, member for the electoral district of Roberval, introduced by Mr. George A. Drew and Mr. Leon Balcer.

BANKING AND COMMERCE

Sixth report of standing committee on banking and commerce.—Mr. Cleaver.

ARMED FORCES

STATEMENT ON TRAINING OF OFFICERS

Hon. Brooke Claxton (Minister of National Defence): With your permission, Mr. Speaker, I should like to make a statement on the training of officers:

The expanded defence program has created an urgent requirement for a steady flow of officers for all three services. The number of officers in the active forces has increased from over 7,000 to over 13,500 since the aggression in Korea. The present arrangements for training officers at R.M.C. and Royal Roads and in the universities are satisfactory in themselves. But there will be a continuing need for larger numbers of officers than the existing arrangements will provide.

To meet this need it is proposed to supplement the present four-year course at R.M.C. and the universities for candidates for commissions which require technical qualifications with a two-year course at R.M.C., Royal Roads and the universities for candidates for commissions which do not require technical qualifications.

Candidates having the required qualifications who engage to serve in the forces for three years after being qualified for a commission will be enrolled in the armed forces as cadets and will be offered assisted education in the same way as men being promoted from the ranks and as is done in officer training establishments in other countries.

Students attending the universities under these arrangements will be members of the university naval training divisions, the Canadian officers' training corps or the reserve university flights and will have full-time training each summer.

Cadets now at the services colleges or already participating in the university training plans who have the necessary qualifications may, on the same conditions, that is, that they engage to serve for at least three years, take advantage of this opportunity and at the end of the second year of summer work take a commission requiring non-technical qualifications or receive assistance for a commission requiring technical qualifications.

Entrance requirements will continue to be senior matriculation or the equivalent.

These arrangements will be in effect at the universities and colleges having suitable courses and university training plans. Thirty-two universities and colleges have one or more of such plans in effect today.

These arrangements have been under discussion with representatives of the universities for some time and were finally considered this week with a representative group of presidents and other members of universities in Quebec during the conference of Canadian universities.

I am glad to say that without exception they offered their wholehearted co-operation.

Armed Forces—Training of Officers

I have also to announce that a new service cadet college is to be established at St. Johns, in the province of Quebec, twenty-five miles from Montreal.

At the outset the college will give a one-year course for students who have the equivalent of a junior matriculation. The new college is primarily designed to meet the special circumstances of French-speaking candidates, but will be open to students from all over Canada.

If the numbers available justify it, the course will be extended to second and third year. The position of this college will be under constant review to ensure that it meets the situation. Cadets completing the course at this college will go to the universities or R.M.C. as appropriate.

The new college will, it is expected, have very close relations with Laval university and the university of Montreal as the authorities of both universities have generously offered to co-operate in every way possible.

The new college will be on precisely the same footing as R.M.C. and Royal Roads, with the same uniform and conditions of service.

Cadets at all three services colleges who engage to serve three years after qualifying for a commission will actually be members of the armed forces with expenses paid. Others may enter all three colleges on the same terms as heretofore.

The new features in the proposed arrangements are: acceptance of two-year qualifications for non-technical branches; assistance for candidates who engage to serve at least three years in the regular forces; and the inauguration of a new services college at St. Johns, Quebec.

Mr. Cruickshank: May I ask the minister a question? Do I understand that a soldier in Korea or elsewhere, unless he is a Rhodes scholar or a university graduate, cannot qualify as an officer?

Mr. Claxton: That is not correct, no.

Mr. Cruickshank: Well, the statement was that you must be a university man if you want to be an officer. Utter nonsense!

Mr. Claxton: That is not the statement. Arrangements are in effect for candidates to obtain commissions without being university graduates.

Mr. Black (Cumberland): Has any provision been made for training at the historic naval college at Halifax?

Mr. Claxton: No; no arrangements are contemplated there.

[Mr. Claxton.]

QUESTIONS

PORT BRUCE, ONT.—REPAIRS TO EAST PIER

Mr. Coyle:

1. Have any repairs been made on the east pier at Port Bruce, Ontario, since March 1, 1952?
2. If so, what was the nature of the repairs?
3. If not, will any repairs be made on the pier this year?

Mr. Fournier (Hull): Mr. Speaker, may I be permitted to answer this question orally. The answer to the first part of this question is in the negative; to the second part, the same as in the first, it is in the negative; and the answer to the third part is that this matter will be considered.

QUESTIONS PASSED AS ORDERS FOR RETURNS

UNEMPLOYMENT INSURANCE COMMISSION—PERSONNEL, EXAMINATIONS, ETC.

Mr. Knowles:

1. How many applications were received by the unemployment insurance commission from employees of the service for the position of superintendent of the prairie region?
2. What persons formed the examining board for this position, and what government departments did they represent?
3. How are promotional competitions for positions in the unemployment insurance commission held?
4. Has the civil service commission representation on all such examining boards?
5. Who was the successful candidate for the position of superintendent of the prairie region? From which part of Canada does he come?
6. Was this position of regional superintendent offered the present incumbent by any officer or officers of the unemployment insurance commission before the competition was held?
7. Why was this position not filled by someone already employed in the prairie region?
8. At what centres in Canada were applicants for this position interviewed? If there were no personal interviews, by what standards of efficiency did the members of the examining board arrive at their decision?
9. How many appeals against promotional competition results were received by the civil service commission from employees of the unemployment insurance commission in 1948, 1949, 1950 and 1951?
10. In how many cases did unemployment insurance commission employees win their cases against promotions in promotional competitions in 1948, 1949, 1950 and 1951?
11. How many employees left the service of the unemployment insurance commission in the years 1948, 1949, 1950 and 1951?

CONTRACTS FOR NECKTIES

Mr. Green:

1. Have any contracts been let during the year 1952 for neckties?
2. If so, how many neckties were contracted for in each case, what was the purchase price in each contract, and to what firm or firms were the respective contracts awarded?

KOREA

TRUCE TALKS—QUESTION AS TO REPLACING MILITARY BY CIVIL NEGOTIATORS

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. Can he make a statement regarding the disturbing report that the United Nations negotiators may withdraw from the truce talks in Korea and, if so, has any consideration been given to removing these talks from the military to the civil authorities of the governments engaged in the action in Korea?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the hon. member was not able to give notice of this very important question. I shall take it under advisement and see if anything can usefully be said.

EUROPEAN DEFENCE COMMUNITY

SIGNING OF AGREEMENTS—COMMUNIST PROTESTS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. I would ask him whether, in view of the two recent speeches he made during the course of the last week, which were interpreted as indicating that the danger of the worsening of the cold war was becoming more apparent, he is in a position to say what the present situation is in Berlin, and as to the present hopes of his department regarding conditions there.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the hon. member was good enough to give notice of his question regarding reports of certain remarks I made over the week end on this matter. I am very glad to be able to make a short statement at this time.

The signing of the agreement on contractual relations at Bonn on May 26 and the signing of the European Defence Community treaty at Paris on May 27 were, as hon. members know, greeted by the Soviet authorities and the communist regime of East Germany with violent and threatening protests, and with communist demonstrations in cities throughout Germany. These signs of communist displeasure were, not unexpectedly, most numerous and most menacing in Berlin, since the position of the three western occupying powers and the West Berliners there is so exposed and vulnerable. They have included interferences with western military patrols on the Berlin-Helmstedt autobahn and the attempted incorporation into the east zone of small communities on the edge of the American and British sectors of the city. The British authorities swiftly responded to these provocations by blockading the Soviet-controlled radio station in the British sector until concessions had been made on the Soviet side. These Soviet and East German moves have been aptly referred to as "a creeping blockade". It is clear, I think, that their primary intention is to prevent, by intimidation, the German Federal Republic from ratifying the agreements which will bring it into the western defensive alliance.

Indeed, this has now become the first objective of Soviet policy. The U.S.S.R. has, of course, used the carrot as well as the stick technique in its pursuit. I think that we may expect, therefore, an intensification of the cold war in one form or another during the months ahead until ratification is achieved. As I ventured to say the other night in Quebec, this will call for strong nerves and steady judgment. There will undoubtedly be fireworks, but there is no reason for panic over the giant crackers or for relief over the rockets that burst in the form of a dove.

Mr. Diefenbaker: When is it expected that ratification will come officially before the West German parliament?

Mr. Pearson: I cannot answer that question. There are however some indications that the West German government is anxious to bring the matter before their parliament at as early a date as possible. But I cannot give any more specific information than that.

INCOME TAX

PROFESSIONAL ENGINEERS—DEDUCTIONS FOR ASSOCIATION FEES

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to ask the Minister of National Revenue whether it is true that the income tax branch is refusing to permit deductions for tax purposes by professional engineers engaged in the public service in respect of fees they pay to professional associations.

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I have not had notice of the question, and shall give an answer at a later date.

BRITISH NORTH AMERICA ACT

AMENDMENT TO READJUST REPRESENTATION IN THE HOUSE OF COMMONS

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved the second reading of Bill No. 331, to amend the British North

America Acts, 1867 to 1951, with respect to the readjustment of representation in the House of Commons.

He said: Mr. Speaker, this is a bill to amend the British North America Act. I am sure that the house realizes that this is a historic moment for Canada and this parliament. The opportunity to amend the British North America Act and our constitution by an act of this parliament arose in 1949 by the presentation and passing of an address requesting the insertion in the British North America Act of a clause which would permit the amendment of the constitution by an act of this parliament. That action was the result of the skill, good judgment and leadership of the Prime Minister (Mr. St. Laurent) of this country.

As all members of the house who took part in the debate at that time pointed out, there seemed to be almost unanimous agreement in the country that we should have the privilege of amending our constitution in Canada, but up to that time no one had succeeded in bringing it about or, for that matter, had seemed to take any positive steps to bring it about. The action of 1949 resulted in the first positive step vesting in this parliament authority to amend the constitution in so far as the privileges of the federal government went; and in so far as they went there were certain exceptions set out.

All other commonwealth countries have the right, and have been exercising that right for many years, to amend their constitutions. For many years New Zealand has had that privilege and right; South Africa has had it since the union act of 1909, and Australia since 1900. As has been pointed out on many occasions, we have lagged behind other commonwealth countries solely because we were the first to have a written constitution given to us and it was given to us at a time when the thought of amendment by other means than an act of the United Kingdom parliament apparently had not arisen. We as the senior country acted as a pilot for the others. As the other commonwealth countries obtained their several constitutions it was found necessary and desirable to insert clauses giving the right to amend although, as I have said, we did not have that right. The amendment of the constitution of Canada in 1949 was suggested in these words, and I am quoting now from the address which went through the house at that time as follows:

> The amendment from time to time of the constitution of Canada, except as regards matters coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces, or as regards rights or privileges by this or any other constitutional act granted or secured to the legislature or the government of a province, or to any class of persons with respect to schools or as regards the use of the English or the French language or as regards the requirements that there shall be a session of the parliament of Canada at least once each year, and that no House of Commons shall continue for more than five years from the day of the return of the writs for choosing the house; provided, however, that a House of Commons may in time of real or apprehended war, invasion or insurrection be continued by the parliament of Canada if such continuation is not opposed by the votes of more than one-third of the members of such house.

In the amendment which I have just read there is a striking resemblance to a section which has been in the British North America Act since it was passed relating to provincial legislatures. Subsection 1 of section 92 reads:

> The amendment from time to time, notwithstanding anything in this act, of the constitution of the province, except as regards the office of lieutenant governor.

As hon. members know, that is the section setting out the subjects over which the provincial legislatures have jurisdiction. Under that right there have been many amendments to provincial constitutions. All the provinces with the exception of Quebec have abolished their legislative councils, a very serious step when you consider the constitution as it was originally set up. But in no case was it necessary for a province to come to this parliament for action or to go to the parliament of the United Kingdom. That power was vested in the legislature which exercised it accordingly.

The amendment of 1949, as I have read it, contains a number of exceptions. It says that this parliament shall have no power to pass an amendment to the constitution with regard to matters coming within the classes of subjects assigned by the British North America Act exclusively to the legislatures of the provinces; as regards the rights and privileges conferred by the British North America Act or by any other constitutional act on the legislature or on the government of the province, and with regard to certain other matters.

The situation at the moment is that this parliament can amend the constitution of Canada in matters of a purely national character and the provincial legislatures can amend their constitutions in matters of purely provincial character.

The representation in the House of Commons of the several provinces has been the subject of more amendments to the British North America Act in the past than is the case with any other subject. I think there have been seven amendments since 1867. In

1871 there was an amendment passed by the United Kingdom parliament which gave the parliament of Canada the authority to create provinces and to provide for their representation in the House of Commons. I think that particular amendment validated an act with respect to Manitoba. In 1886 there was a further amendment giving this parliament authority to create representation in parliament for the territories even when they had not been created provinces. I think that act confirmed representation which had already been granted to some of the territories. In 1915 there was an amendment increasing the number of senators and providing that no province should have its membership in this house reduced below the number of senators to which it was entitled.

In 1943 there was another amendment to postpone the redistribution which should have followed upon the census of 1941 until the first session after the cessation of hostilities. Then in 1946 there was another amendment setting up new rules to be followed in computing the membership in this house. Finally in 1949 there was an amendment, as part of the terms of union with Newfoundland, whereby certain representation from that province was established. In addition, there were two imperial orders in council which created representation from the provinces of British Columbia and Prince Edward Island. Just to make the record clear, there was one other amendment with respect to parliament in 1916 providing for the extension of parliament. In these six or seven cases in which there were amendments the amendments were sought by joint addresses of parliament except in the first case in 1871 which was sought by the government of the day headed by Sir John A. Macdonald by action of the executive without any action by parliament.

When the question of representation arose consequent upon the census taken in 1951, it appeared to be the rather general opinion of the house that some consideration should be given to the effects of applying the rules which had been established in 1946, and several members of the house during the debate on the address in reply to the speech from the throne urged the government to consider whether those rules might be amended having particular regard to the fact that one of our provinces would lose one-quarter of its representation in the house. I need not cite the comments of members. Members from all groups presented that as an argument to the government and they also suggested that, however desirable the rule of representation by population may be and however desirable it may be that we should strive to achieve that ideal, it must be recognized in this country of vast distances that other considerations than a strict counting of heads will have to enter into the representation in this house. The result was that the Prime Minister (Mr. St. Laurent) introduced a motion to set up a special committee to consider whether some additional rule might be used in order to avoid the drastic consequences which would occur if we applied the existing rules strictly. I have not seen many debates in which there appeared to be such agreement as there was on the motion to set up that committee.

The committee reported to the house earlier this week and suggested two things: first, that the proposal in the motion itself setting up the committee should be adopted; and second, that a certain procedure should be followed to carry out that suggestion. Therefore we have before the house a bill for the purpose of amending the British North America Act in order to place within it a further rule which would apply at the present readjustment of representation and would apply to future ones as well.

In addition, the bill increases the membership of the House of Commons by one member so that representation can be given to the Mackenzie district separate and distinct from the Yukon. I might add that there seemed to be no disagreement in the house originally, nor was there any disagreement in the committee, that the extra member should be provided. The rule which has been suggested was explained in detail by the Prime Minister when he presented the motion. Very briefly I might sum it up in this form, that after using the existing rules to compute the membership of the House of Commons from the several provinces there shall be established a so-called floor whereby the representation of any province shall not fall by any more than 15 per cent at any one readjustment, subject, however, to the qualification that the rule shall not work out in such a manner that the representation of a province with a smaller population shall be greater than that of a province with a larger population.

This is not precisely unusual in representation in the House of Commons. There have been other occasions when other rules applied to establish floors of representation. As all members know, there was the so-called one-twentieth rule which existed up to 1946. At the time it was established, as was pointed out by Sir Wilfrid Laurier, it was intended apparently to provide a floor for the maritime provinces, and Sir Wilfrid, speaking in the house in 1915, had this to say:

It has been explained, and it is the true explanation, that at the time of the formation of confederation no one anticipated the extraordinary developments which were to take place west of lake

Superior and in consequence of which the representation of the maritime provinces in the House of Commons has decreased from decade to decade. We had to deal with the matter in 1902 . . .

The problem today is not the maritimes. The problem consists of the great difference in representation from the prairie provinces which would take place. This house will have to decide whether it is desirable to follow the strict rules or whether it is desirable to import the additional floor I have mentioned into section 51 of the British North America Act. I think it should be recognized by most members that in the various provinces we have a great disparity of representation. There are constituencies with a large population and constituencies with quite a small population, and apparently that condition will continue from census to census because of the peculiar situations and because of the desire to adhere to other rules which would give representation of the kind that the House of Commons feels should be given.

One of the generally accepted rules is that representation from rural areas should be greater than the strict counting of heads would indicate, although it is fair to say that there has been no agreement as to precisely how much greater it should be. It is for that reason and for others that a case has been made that in the province of Saskatchewan in particular at the moment, although it applies to the province of Manitoba, perhaps to the province of Alberta as well and to other provinces where there are no great centres of population, some consideration in representation should be given having in mind the general approach that we have with respect to rural and urban representation.

The committee apparently had this in mind and also had in mind the desire not to have violent fluctuations in membership from one census to the other. It presented a report to the house which was unanimous in so far as the adoption of the 15 per cent rule is concerned. For that reason I presented this bill to the house. I might remind hon. members that in introducing the motion to set up the committee the Prime Minister indicated that if the committee were of the opinion that such a course were desirable and advisable he would be disposed to support it, and I am authorized to say that he is going to vote for the bill. There are several ways in which we could carry out the change in the representation in the house. We could adopt the method which is suggested here, what is known as the direct method of repealing a section of the British North America Act, and substituting something for it. We could adopt the method which has been used by provincial governments in amending their constitutions, that is merely passing another statute without reference to the British North America Act and without seeking to repeal any section of that act, but merely substituting something else. This occurred in the province of Ontario where, according to the British North America Act as originally constituted, there were so many members and certain constituencies set out in the act. Because the province had authority to amend its constitution, the provincial legislature passed an act of redistribution increasing the membership in the house and setting other limits on the constituencies. This was done without referring in any way to the British North America Act, either repealing it or reciting it as the authority for the act of the legislature.

We could have suggested to the house a representation bill setting out the representation of the provinces according to the rules, without any reference to the British North America Act. It seemed best to recommend that there be two bills, one to amend the British North America Act, substituting in section 51 the floor which had been decided upon, and then by a separate representation act carry out the rules which would then apply to representation in the house. That is the course recommended here.

The bill provides for the existing rules, in so far as they go, but it also provides the additional floor for any province which qualifies according to the definition in rule 5 of section 1. The immediate result, after the representation bill is passed and in accordance with these rules if adopted, will be that instead of fifteen members the province of Saskatchewan will have seventeen members. We hope that that will be the only result, and that as time goes on the western provinces will increase again and that they will have a greater proportion of the people of Canada, so that their representation here will be even greater. We must recognize the great contribution the west has made to parliament, and to Canadian national life. It would be unfortunate if the representation here were to fluctuate so that at one census it would change greatly, and have to be restored at the next. There ought to be better continuity than that. For that reason, sir, I move the second reading of this bill. I hope that it meets with as much approval as possible in the house, having in mind the fact that while it is a new principle it nevertheless bears a great deal of resemblance to the floors which have appeared in the past in the representation in the house.

[Mr. Harris (Grey-Bruce).]

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, a bill in relation to the representation in the House of Commons is an important bill on any occasion, but the present bill, I think it may be fairly said, surpasses in importance all bills hitherto submitted to the house in relation to the subject of redistribution. In his remarks this afternoon the minister has referred to this as an historic occasion. It may be so in certain respects, sir, but that is not to say that every departure from recognized constitutional procedure is a departure that ought to be welcomed.

May I say at the outset that so far as the purposes of the particular provisions in reference to redistribution are concerned, there were no differences among those who sat on the redistribution committee of this house. In other words, the proposal that the drop in the representation of the province of Saskatchewan should not be permitted to reduce it below seventeen members was supported by all parties in that committee. The proposal to give separate representation to the Northwest Territories by constituting them under a new electoral district named Mackenzie River was likewise supported by all parties. We of the official opposition went further and gave our support to an amendment which was not carried in the committee, but which would have held the reduced representation of Saskatchewan at eighteen instead of seventeen. Therefore, I clear the air at once, sir, by indicating that as to that portion of the present bill which relates to the direct changes in the representation in the house, there is no issue.

There is, sir, however, a very much larger question raised by the present bill than any mere or passing change in the rule respecting representation in the house. The house must be made well aware of the significance of the implications of the larger question involved in the motion now submitted to the house by the government. As the minister has said, this is the first occasion upon which the Canadian parliament has been invited, by direct action, to amend the constitution of Canada, the British North America Act. Hitherto, when amendments were sought, application was made to Westminster on an address passed by both houses.

The minister has referred to the change that was wrought in the British North America Act by the amendment to section 91 which was passed in the fall session of 1949, when a new class of subject matter described in a new clause 1 of section 91 was added to those subject matters which lie within the exclusive jurisdiction of parliament. I wish to review briefly what occurred in this house in connection with that amendment. The minister has treated the 1949 amendment as disposing of the constitutional questions in relation to the propriety of parliament proceeding to legislate directly to change the provisions of section 51 of the British North America Act. So far as the official opposition is concerned, Mr. Speaker, I wish to make it abundantly clear that the matter does not end there. Simply because of this amendment in the fall session of 1949, which was subsequently confirmed by legislative action at Westminster, it is not to be considered, so far as we are concerned, that parliament has the right to proceed to exercise the jurisdiction purported to be conferred upon it by this amendment, without any necessary consultation with the provinces, for which we contended at that time.

Sir, our position was made abundantly clear in the historic debate in the fall session of 1949 on the proposal of the government that a change be sought in the British North America Act to confer jurisdiction upon parliament to amend the constitution in what were called federal matters. Indeed on that occasion, on October 17, 1949, the leader of the opposition (Mr. Drew) immediately moved the following amendment on behalf of the official opposition, as reported at page 841 of *Hansard* of that year:

> That the said proposed resolution be amended by striking out all the words after the first word "that" and substituting therefor the following:
>
> "That His Excellency the Governor General in Council be requested to convoke as soon as may be possible a constitutional convention of representatives of the dominion and provincial governments to devise a method of amending within Canada the constitution of Canada, and of safeguarding minority rights; so that such method may become the subject later of an humble address, when adopted, to His Majesty the King praying an amendment of the British North America Act, 1867, accordingly."

Sir, that amendment was designed to set out in the clearest terms the position taken by the official opposition. We concurred enthusiastically—indeed we had so declared on previous occasions—in the idea that Canada should possess within its own borders the means and the right of amending the constitution embodied in the British North America Act. We did say that parliament had no right to proceed in that direction without consultation with the provinces. We said further, sir, that any formula for carrying out within Canada in the future amendments of the British North America Act was a formula that first had to be submitted to the provinces. Indeed in a matter so important as that of devising a procedure, a method or a formula for amendments to the British North America Act, we said that it was not only important but essential that the provinces should be consulted and that the provinces

should consent to that formula. That amendment, sir, was ruled out of order; but that did not end the matter because it fell to my lot subsequently to introduce, on behalf of the official opposition, on October 27 this amendment, to be found at page 1210 of *Hansard:*

That the said proposed resolution be amended by striking out all the words after the first word "that" and substituting therefor:

"This house is of the opinion:

1. That an humble address should be presented to His Majesty the King praying that His Majesty may graciously be pleased to cause a measure to be laid before the parliament of the United Kingdom providing for an amendment to the British North America Act, 1867, relating to the amendment of the constitution of Canada by the parliament of Canada.

2. That as a condition precedent to the presentation of such address the scope and form of the amendment prayed for should be made the subject matter of a conference of the dominion and provincial governments and the subsequent approval of the parliament of Canada."

That amendment was in order and it was voted on. It was defeated in this house on October 27 by a vote of 137 to 38, all parties in the house, with the exception of the official opposition, voting against it.

So far as we of the official opposition are concerned, our position was clearly set out in those two amendments. That position was sound. It is the position of the Progressive Conservative party and of the official opposition in reference to this question today, and it will continue to be the position until there is enough wisdom in government to call the kind of conference between the dominion and the provinces that we proposed and urged then, for the purpose of working out a comprehensive method of amending the constitution according to a formula that will be acceptable to all parties, namely the dominion and the provinces.

Mr. St. Laurent: Will the hon. member permit a question?

Mr. Fleming: Yes.

Mr. St. Laurent: I know he is desirous of making the differences of opinion between the parties as clear as possible on this occasion. I noted that he said that there should be consultation with the provinces and consent of the provinces to the formula to be adopted. Does that mean that the position of the official opposition is, when they speak of the requirement of consultation with the provinces, that it should be consultation that would result, before action, in the consent of every one of the provinces?

Mr. Fleming: As to the formula for amending within Canada the constitution of Canada, yes. In other words, sir, while the formula which would be adopted according to our suggestion would not necessarily call for unanimous consent as a condition precedent to all amendments which might follow, nevertheless we said that the formula to be worked out was something which was so basic and so fundamental that it should be acceptable to all.

Mr. St. Laurent: And that until there is such a formula, whenever there is to be an amendment to the constitution the consent of all the provinces should be previously obtained?

Mr. Fleming: That does not necessarily follow, Mr. Speaker. What we said was that we should proceed at once to call that kind of conference to work out that formula and that we were confident that, with good will on both sides, such a formula could be worked out. We are still confident that with determination to arrive at such a formula, it could be arrived at.

Mr. St. Laurent: I do not want to press the hon. gentleman any further than he wants to go.

Mr. Fleming: Quite right.

Mr. St. Laurent: As yet there is not any formula that has been accepted by all the provinces; and each time an amendment is proposed there have been suggestions that there should be consultation with the provinces. When that suggestion is made, does it mean, in the intent of the official opposition, that there should not be any amendment until the consent of all the provinces is obtained? I am just inquiring, if the hon. member is in a position to make the situation clear on that point.

Mr. Fleming: Sir, I think the position can be made perfectly clear. We have said that amendment of the British North America Act should not be sought in the way that parliament previously had been seeking it, namely by simply passing an address and going to Westminster, without consultation with the provinces.

Mr. St. Laurent: Does that mean without consultation resulting in the consent of the provinces to the amendment suggested in the address?

Mr. Fleming: I think that we would have to view the situation in the light of the particular circumstances. But we did consider it to be so important that there be a formula for amending the constitution within Canada, within Canadian borders, that there should be no time lost in seeking, with general consent, a formula satisfactory to all for the making of these amendments within Canada, and putting an end for the future, for all time to come, to this situation which arises every time an amendment is sought.

I think I have made the position perfectly clear. In every situation that arises, apart from the general formula under which the whole basis of providing amendments would be devised, it would have to be determined in the light of consultation with the provinces and in the light of all the circumstances obtaining whether it would be possible to proceed with an amendment failing the consent, we will say, of one or two provinces. It would depend on the subject matter.

Mr. St. Laurent: But there might be cases where the consent of all the provinces would not be felt essential to proceeding with the request for an amendment?

Mr. Fleming: I am not prepared to be dogmatic about it. I am not prepared to be tied down to any particular formula. I have said that will depend. In every such situation, if it were not possible to arrive after consultation at complete agreement or unanimous agreement, it would have to be decided in the light of the situation whether there was any justification for proceeding. Because that situation apparently is not one that has arisen in the mind of the government, I underline what I said before as to the vital and urgent importance of seeking within Canada a method or formula for amending the British North America Act so that we are not encountering in the future these questions which the Prime Minister has raised now which may be, in many circumstances, simply academic, but which, as long as questions such as those raised by the Prime Minister may be raised emphasize and underline the necessity for grappling with this problem, and doing it on a comprehensive basis.

Now, sir, our position on that occasion, I have indicated, was made clear in the two amendments we proposed, of which the first was ruled out of order and the second defeated. And so it became possible, under the amendment sought and obtained by the majority in both houses of this parliament from Westminster, to proceed to amend, in the language of the new clause 1 of section 91 of the act, the constitution of Canada in federal matters, with certain express exceptions.

I point out, sir, that the dangers inherent in an amendment of that kind are clearly illustrated in the situation we have before us, and might conceivably be illustrated in circumstances even more direct than those before the house today. Parliament acts by a majority; each house of parliament acts by a majority. A majority of one in each house of parliament would be a sufficient expression of the will of parliament in a matter of this kind, and therefore under this amendment of 1949 it becomes possible, within what is called the scope of federal matters, with certain exceptions, for parliament, by a majority of one in each house, to proceed by direct legislative action to change the British North America Act.

Sir, we of the official opposition consider that to reduce the constitution to a statute which can be changed so lightly, in so light a way as that, creates a dangerous situation. We believe that the constitution of this country, embodied principally in the British North America Act, is so fundamental in its character and in its importance that it should not lie within the power of parliament, without any consultation with any province, to proceed to change this constitution in so-called "federal matters" simply by a majority of one in each house.

We see flowing from this enactment of the fall of 1949 certain results, inevitable results. The minister in his speech this afternoon referred to the fact that the committee on redistribution, when considering what course it should take with reference to the alteration proposed in the present section 51 of the British North America Act, had three courses open to it. Those three courses were outlined to the committee by the law clerk of the house in the following words which are found on page 29 of the proceedings of the committee of May 2. He said:

> The B.N.A. (No. 2) Act, 1949, introduced an amendment to section 91 of the B.N.A. Act, 1867, which relates to the legislative authority of the parliament of Canada. By that amendment, it was made lawful for the parliament of Canada to amend the Canadian constitution with certain exceptions which are enumerated in the amendment. Sections 51, 51A and 52 do not fall within these exceptions and can, therefore, be amended by the federal parliament.
>
> The next question is: How can this be done? In other words, what procedure should be followed to change the fundamental law? The answer is that legally it can be done either directly or indirectly. It can be done indirectly by simply bringing in a bill which would be contradictory to section 51 of the B.N.A. Act as it now stands.
>
> On the other hand, it might be done directly by introducing a measure to amend the constitution. In this case, the act would be entitled: "An act to amend the British North America Act, 1867," and its short title would be: "The British North America Act, 1952."
>
> A third way of proceeding would be by an act along the lines of Mr. Knowles' bill of the current session respecting the quorum of the House of Commons.

Sir, the committee has not followed the first of these suggestions. It would, I think, have been unfortunate had it done so; but the effect of the matter is clearly indicated by that statement from the law clerk of this house, that the position of the constitution of Canada now is such that within the scope of what are called federal matters parliament does not even need to pass a bill formally to

change or amend the British North America Act. All it does need to do is just to go ahead and legislate without making the slightest reference to the British North America Act.

I said the committee has not followed that method. Some of us in the committee argued very strongly against it because it would have the effect of reducing the fundamental law of this country simply to the status of any other act of parliament. But, sir, let it not be overlooked that that can legally be done; that the legal and constitutional position of this country today is such that within the scope of what are called federal matters, it lies now within the power of parliament simply to go ahead and legislate in a manner at variance with the effect of the British North America Act and without the slightest reference to that act, without even going through the form of amending expressly the terms of the British North America Act. And, sir, I say that legislation such as this legislation of 1949, which has reduced the British North America Act over this vast field of legislative jurisdiction simply to the status of any other act of this parliament, has created a situation fraught with the greatest constitutional danger for this country.

Now, sir, this subject relates to section 51 of the British North America Act. This is not the first time that parliament has been confronted with an amendment to the British North America Act, or with an attempt to obtain an amendment to the British North America Act for the purpose of altering section 51. Those hon. members who were members of the twentieth parliament will recall the leading debate which occurred in June, 1946, on a resolution then presented to the house by the government that an address be presented to His Majesty seeking the enactment by the parliament at Westminster of certain amendments to section 51, and the stands taken by the parties in the house on that occasion were, I take it, not different in any particular from the position they take today.

The government put forward the doctrine that it lay within the power of parliament to seek and obtain an amendment at Westminster, because there is no question about their obtaining whatever was sought by the address, for it had long ago been established that the parliament at Westminster would not question any address presented to it by the parliament of Canada. Therefore, so far as the effect of the adoption of an address in this house was concerned, in the light of that position it was as good as passed at Westminster once the address was passed by both houses of the Canadian parliament.

The government then proposed that that address be presented to Westminster without any consultation with the provinces. We of the official opposition said that there should be no such attempt to obtain an amendment which would have had the effect of recasting section 51, indeed completely changing section 51, of the British North America Act, without previous consultation with the provinces. We pressed our position to the point of amendment. In those amendments we placed on record the position of this party, and exposed also the position taken by other parties in this house. The government contended that parliament was at perfect liberty to proceed to obtain this amendment of section 51 without the slightest consultation in any degree or form with the provinces. We of the official opposition contended firmly that there was no right, legal or constitutional, in the government to proceed to obtain an amendment to section 51 of the British North America Act without previous consultation with the provinces. And in that important debate some statements of very great significance were made in this house.

Sir, so far as we of the official opposition are concerned, the amendment of 1949 has in no degree changed our position or changed the constitutional position as we set it forth in speeches made in the house on our behalf in 1946. Our position is consistent. Our position today is identical with what it was then. We still demand consultation with the provinces before there shall be any change in the provisions of section 51 of the British North America Act.

And, sir, we do say this, that if any particular proposal for changing the basis of representation in this house, as defined by section 51 of the British North America Act, has merit in the national interest, we need not have any doubt about the willingness of the provinces to give it intelligent and fair-minded consideration.

Why, on the merits, should there be this invincible unwillingness on the part of the government to consult the provinces? The government says that it is not necessary, that they can go ahead without consultation, even if it were—

Mr. St. Laurent: If the hon. member would permit an interruption: In our view, if we consulted the provinces, that implies that we would not go ahead unless we got the consent of every one of them; and we are not prepared to take that risk.

Mr. Fleming: With all due respect to the Prime Minister, I say that there is no such implication whatever in consultation with the provinces; and I cannot—

Mr. St. Laurent: Then, what is the purpose of consultation? Is it just a smoke screen or camouflage, or a political dodge? If it does not mean that we recognize their right of veto, it is purposeless to call them together.

Mr. Fleming: I trust the Prime Minister will make his speech in due course. I am very glad of course to answer any questions; but I think the kind of question the Prime Minister has just asked is not the kind of question which is normally asked in the House of Commons during another member's speech.

Mr. St. Laurent: I thought, with respect, that I was answering the hon. member's question as to why we did not want to consult the provinces.

Mr. Fleming: The Prime Minister will have ample opportunity before this debate has run its course to answer any questions raised during the course of the debate that he may wish to answer.

But, to go on: The Prime Minister has chosen to suggest that consultation with the provinces would be nothing more than a smoke screen. Let me say to him and to all who support him that, in the view of the official opposition, consultation with the provinces is something very much more important than any smoke screen. And if that is the conception the government has of the effect of consultation with the provinces, then let me make it abundantly clear to him that the conception of the official opposition in that respect is a very different conception, indeed.

We conceive of this consultation with the provinces as something very important and very serious from a constitutional point of view, having regard to the legal and constitutional position of this country, and also to the history of this country.

Mr. Pearson: May I ask the hon. member a question? Would he advocate the same kind of consultation with the federal government on the part of a province if that province wishes to change its electoral representation provincially?

Mr. Fleming: No, because there is no parallel there. I will have something more to say, by the way, in developing this subject, as to the significance of section 51.

Mr. Harris (Grey-Bruce): May I ask the hon. member a question?

Mr. Fleming: I understand we are in the house, and not in committee. But I do not mind taking on all the questions they ask.

Mr. Harris (Grey-Bruce): In the course of the hon. member's remarks I hope he will comment upon whether he thinks representation in this House of Commons is a matter within the jurisdiction of this parliament and, if that is so, wherein the procedure should vary from that of provincial representation.

Mr. Fleming: I will be happy indeed to do it. I have made my position clear. I can promise him that he shall have his answer before I take my seat.

Now, when this question of changing section 51 came before the house at the present session the position taken by the official opposition was as it had been in 1946 and in 1949, and indeed at all times. It will be recalled that when the matter came before the house on April 21 the leader of the opposition (Mr. Drew) introduced an amendment to be found at page 1437 of *Hansard*, to this effect:

> Whereas there is presently before parliament a bill to provide for representation of the House of Commons which inter alia allots to the several provinces of the dominion the number of members they may elect to the said house;
>
> And whereas it has been represented to the government and parliament of Canada that provision should be made for minimum representation of individual provinces;
>
> And whereas provision for such minimum representation cannot be made without first amending the British North America Act;
>
> And whereas the British North America Act interpreted in statutory form the agreement made by the four original provinces and subscribed to by all the other provinces on entering confederation,
>
> Therefore be it resolved that in the opinion of this house appropriate steps should be taken for dominion-provincial consultation so that the views of the several provinces may be made known to this house before consideration is given to changing their electoral representation as presently provided by the British North America Act.

Mr. Speaker ruled that amendment out of order, because it was an amendment to a motion to set up a committee of the house. But there was opportunity in the committee, when a similar question came before it, for those of us in the official opposition to reassert the same position. Accordingly, when the question arose for discussion in committee it fell to my lot to move an amendment, as appears at page 6 in the minutes of proceedings and evidence of the committee, on May 2. On that occasion I moved:

> That the said debate—

That is to say, the debate on the question of whether there should be floors applied to the drop in representation of any province, as a result of decreased population.

> That the said debate be adjourned until the views of the several provinces be ascertained with respect to their electoral representation in the House of Commons and the proposed amendment to the British North America Act in regard thereto.

That amendment was defeated in the committee.

Sir, our position is perfectly consistent and, in my submission, perfectly clear.

Now, we have been told in times past by those who wish to gather into the federal sphere without consultation with the provinces the right to change this constitution of Canada that there is no need to consult the provinces because the members in the House of Commons are quite capable of interpreting the views of the provinces. With that position I am in strong disagreement. If that were the case there would never be occasion to consult the provinces on anything. We know as a matter of fact that the provinces are frequently consulted on many matters. This parliament does not speak for the provinces as such. The federal government does not speak for the governments of the provinces.

Whatever may have been in 1946 the position of the provinces with respect to their right to be consulted before amendments are made to section 51, because for lack of consultation at that time there was no opportunity of obtaining a direct expression of opinion on the part of the provinces in regard to that proposal, we do know today what is the position of the provinces with respect to any proposal to change the terms of section 51 of the British North America Act, without consulting them. In the meantime there have been dominion-provincial conferences and dominion-provincial consultations regardless of the fact that the Prime Minister has declared in this house this afternoon that he cannot see any point in consulting the provinces over this matter.

Mr. St. Laurent: The hon. member must not misconstrue my words, and I am sure that he does not mean to. I say that there is no point in consulting the provinces about a specific amendment unless the intention is not to proceed with it without the consent of all the provinces.

Mr. Fleming: If that is the position of the Prime Minister, I submit that the government has followed a very inconsistent course. We do not have to go back beyond the last three years to detect some glaring inconsistencies in the course taken by the government if the view expressed by the Prime Minister is the view the government holds firmly.

In 1950 the dominion did consult the provinces. It is unfortunate that they did not undertake to consult them before the attempt was made in 1949 to amend section 91 of the British North America Act by the introduction of clause 1. The government would not listen to the pleas from this quarter of the house in the fall of 1949; they were determined to proceed and obtain that amendment to the British North America Act before this consultation with the provinces occurred.

Consultation did occur in 1950 and the matter then under discussion was very important. The conference between the dominion and the provinces was called to arrive at a formula which would be a complete and workable method of making amendments to the British North America Act within Canada, without going outside of Canada for any amendments whatever. In the course of those deliberations the provinces were invited to express their views as to how the various sections of the act should be amended. It has always been perfectly clear that there are some sections of more far-reaching national effect and extent than others and so there was a proposal made for classifying the various provisions of the British North America Act into some half dozen categories with the possibility of differing methods of amendment applied to each category. In some cases a certain proportion of the provinces would be required to give their consent; in other cases the consent of the provinces would have to be unanimous; in other cases it would not be necessary for the provinces to give consent, and so on.

In the course of that review the provinces made their positions clear on practically all the sections of the act, in particular section 51. I think it is important at this stage of the debate to recall the position taken by the provinces in regard to the amending of section 51 of the British North America Act. When the conference met on January 10, 11 and 12 of 1950 we find on page 53 of the report of proceedings that the distinguished Liberal premier of Nova Scotia said this on behalf of his province:

> Under clause (c)—

Then he enumerates a number of sections, including section 51.

> —those are sections relating to matters of mutual concern to the dominion and all the provinces.

I offer that to the Minister of Citizenship and Immigration (Mr. Harris) when he is asking this afternoon about any obligation to consult with the provinces in this matter. I come now to the other side of his question. There is a clear statement by Premier Macdonald as to the position of the province of Nova Scotia, and I continue to quote:

> We say they could be amended by act of the parliament of Canada, passed by an absolute majority of each house of the parliament of Canada upon the request or with the subsequent confirmation of seven provincial legislatures.

That was the position taken on behalf of the province of Nova Scotia by the Liberal premier of that province. Later in the year the submissions of the provinces with regard to dividing the sections of the British North America Act into these various suggested categories were received. They clearly set forth the way in which the provinces classified section 51 in this regard. I am reading now from the proceedings of the

constitutional conference of federal and provincial governments held at Quebec, September 25, 26 and 28, 1950. At page 88 we find the dominion government taking the position that section 51 should fall within group 1, being the provisions which concern parliament only. But what about the provinces? At page 95 we find the province of Ontario asserting that section 51 falls within head 4 as being one of the provisions which concerns parliament and all the provincial legislatures.

Then turning to page 100 we find the position taken by the Quebec government. While they do not comment specifically on section 51, they went even further, and listed certain subject matters which fall within the scope of the federal authority, and in which you will not find changes in the representation in this House of Commons as defined by the British North America Act. Then we find this significant statement made on page 100:

> The immediate repeal of the recent amendments to the Canadian constitution, namely, the British North America Act (No. 2) 1949, is, in our view, appropriate and desirable.

Then if you turn to page 102 you will find the province of Nova Scotia taking a position consistent with that taken by its premier in January of the same year at the earlier part of the same conference. They classify section 51 as being among those provisions which are of concern to parliament and the provinces and which would require action on the part of the dominion and the provinces for repeal.

Then at page 108 we find the position taken by New Brunswick that section 51 should come under the fifth group as being one of those provisions concerning fundamental rights, as for instance but without restriction, education, language, solemnization of marriage, administration of justice, provincial property in lands, mines and other natural resources, and the amendment of the amending procedure. That is very clear and far-reaching.

The position of British Columbia is to be found at pages 112 and 116. At page 112 we find the heading of the fifth class of provisions concerning fundamental rights such as education, language, marriage, etc. Then at page 116 we find the province of British Columbia classifying section 51 as being among those subject matters which fall within the fifth classification, which contains the provisions concerning fundamental rights in this country.

The position of Prince Edward Island is set forth on page 117. That province in its submission classified section 51 as being in the group of subject matters which come within group 4, containing the provisions which concern parliament and all the provincial legislatures.

We have at times been told in this house that Saskatchewan is favourable to the centralization of legislative jurisdiction here at Ottawa. Nevertheless, we find in the submission of that province at page 122 that it classifies section 51 as being within the fifth group containing provisions concerning fundamental rights in Canada which can not be changed apart from joint action on the part of the dominion and the provinces.

Then at page 127 we find that the province of Alberta has classified section 51 as being in the fifth group involving provisions concerning fundamental rights. Therefore, in their view section 51 cannot be amended without joint action on the part of the dominion and the provinces.

Here you have eight of the ten provinces of Canada clearly and unequivocally asserting their position that section 51 of the British North America Act cannot be changed apart from consultation with the provinces and, indeed, joint action on the part of the dominion and the provinces. Sir, is that not a clear enough statement of the position of the provinces in this respect? Is it not a position that is entitled to some respect on the part of the federal authorities? Nevertheless the present federal government remains unmoved. The present federal government, notwithstanding this strong and overwhelming expression of opinion on the part of the governments of eight of the provinces, insists on pushing ahead and amending this section of the act without the slightest consultation with the provinces.

The position of the other two provinces may be of interest to hon. members. The province of Manitoba at page 109 classifies section 51 under the first heading, and the province of Newfoundland at page 127 prefaces its classification of the sections of the British North America Act in these words:

> The province of Newfoundland has not been part of the dominion for a sufficiently long time to be able to determine, in the light of experience, the proper distribution of all of the provisions of the British North America Acts. We have, however, endeavoured to tabulate the various sections as suggested in the report of the attorneys general, but in many cases we would be prepared, after discussion, to agree to such reclassification as the other provinces, as a result of their longer experience, might recommend.

In the classifications proposed by the government of Newfoundland section 51 is assigned to the first group, but in my submission that assignment to the first group must be read subject to these qualifying comments

which preceded that classification in the submission of the province of Newfoundland.

The Minister of Citizenship and Immigration (Mr. Harris) asks me if the federal authorities should be consulted before the provinces undertake any change in the method or basis of representation within their respective provincial legislatures. I say categorically no. There is no occasion for that at all because in section 92 of the British North America Act express provision is made for amendment of the constitutions of the provinces by their legislatures. The matter is perfectly clear there. That is laid down in the act itself. It has been the fundamental law of Canada since 1867, and that basis of confederation was satisfactory to those who were parties to it.

Therefore the point raised by the minister has no bearing whatsoever upon the question now before the house. Simply because that is the constitutional position of the provinces under the clear provisions of section 92 does not import a corresponding provision into section 91 by any means.

Now you have a strong position taken in the clearest terms on the part of eight provinces that so far as they are concerned section 51 is a section which the parliament of Canada has no right to amend, or to obtain amendments to, without joint action on the part of the provinces. The proper course for the federal government to follow here is consultation with the provinces, and the federal government should lose no time in proceeding with the larger work of finding a formula for amending the Canadian constitution within Canada.

Sir, lest it be said that in proposing that there be consultation now with the provinces the effect of such consultation might delay the legislation which the government proposes to submit to the house if section 51 of the British North America Act is first amended for the purpose, let me say that if any delay is involved in that respect the responsibility for that delay rests upon the government. We raised this question two months ago in the house on April 21. We said then that the government ought to consult the provinces before proceeding further with this matter. The government would not hear our pleas at that time and rejected our argument as it had on similar occasions previously. Therefore they have insisted on pushing ahead with this matter without consultation although there has been time to consult the provinces in the meantime. That simply emphasizes and underlines the fact that if any delay would ensue from consultation with the provinces now the responsibility for that delay would rest upon the shoulders of this government and upon the shoulders of no one else.

I say again, what possible harm could there be in consulting the provinces? The Prime Minister has expressed the overpowering fear that if there is any mention of consultation with the provinces the federal government will be taken as admitting that any one of the ten provinces has a veto upon any action that might ensue or be proposed. That, in my submission, is a completely idle fear, and it is a very empty excuse for not holding that kind of consultation with the provinces which is not only in line with the law and the constitution of this country but will make for smoother working of our federal institutions. It seems to me that is a very important matter in a country like ours. Sir, is there not time to consult the provinces? Is this matter so desperately urgent today that we can brook no delay for the purpose of consulting with the provinces? The enactment of any redistribution bill within the next fortnight can be urgent only if there is an election in the offing before the next session of parliament, and in the light of recent events I do not think it is very likely that the government is going to call an election before the next session of parliament.

An hon. Member: Careful now.

Mr. Fleming: The introduction of four new opposition members today is just a reflection of public feeling and we do not need to dwell on what happened in Saskatchewan yesterday—

An hon. Member: There were not very many Tories elected.

Mr. Fleming: —to dispose of any suggestion that the government needs to have this legislation on the statute books within the next two weeks or so.

Mr. Sinnott: You would do well to keep quiet.

Mr. Fleming: Listen to the voice of Springfield and other Liberals in the house speaking as though there was some comfort to be taken by them from the results in Saskatchewan yesterday.

An hon. Member: You did not elect any Conservatives.

Mr. Fleming: We did not lose anything and the Liberals lost plenty. Their strength in the Saskatchewan legislature was reduced by about 40 per cent. I take it that fact has not been altogether lost so far as the aching heads of the government are concerned, if

indeed they had recovered from the headaches inflicted upon them by the results in the six federal by-elections two weeks ago.

An hon. Member: You had better get back to redistribution.

Mr. Fleming: We are confronted here with the fundamental issue of respect for the Canadian constitution. On that issue we of the official opposition take an inflexible position that there is no right in this government or in this parliament to proceed to legislate now for the purpose of amending section 51 of the British North America Act without consultation with the provinces. So far as that kind of consultation is concerned, we say that in the light of history it is abundantly clear that we would not have had a united Canada and would not have had confederation had there not been some basis of agreement on the part of the initiating parties inscribed in the Quebec resolutions and later in the British North America Act. This is the basis upon which Canada came into being, and notwithstanding all the sophistry that has been uttered in the house on the subject of the great powers of the central government I say to you, sir, that we ignore and do violence both to the letter and the spirit of confederation by seeking, in the manner proposed by the government in the present bill and on other occasions, to ride roughshod over the British North America Act.

Why should the government propose that a section of the importance of section 51 should be lightly changed, notwithstanding what the overwhelming majority of the provinces have so clearly said in their recent submissions? The course that the government proposes is creating another dangerous precedent which is fraught with peril for the constitution of this country. In my submission, what the government is doing here is once again to ignore and forget the very wise words offered to them by the great leaders of the Liberal party in days gone by.

(Translation):

Mr. Speaker, I wish to remind the members of this house of the wise words spoken by Laurier and Lapointe on the question of amendments to the British North America Act.

I recall what Sir Wilfrid Laurier said in this house in 1907. I quote:

> Confederation is a compact, made originally by four provinces but adhered to by all the nine provinces who have entered it and I submit that this compact should not be lightly altered. It should be altered only for adequate cause, and after the provinces themselves have had opportunity to pass judgment on the same.

I also recall, Mr. Speaker, the wise words the Right Hon. Ernest Lapointe spoke to this house in 1924. I quote:

> The British North America Act and the limitations which are imposed upon our powers, if there are any such limitations, are made of our own free will. There is no inferiority in that. It is the result of a treaty . . .

And further:

> Now this treaty cannot be changed, it has been the contention of many constitutional authorities, and I think it is only fair that no change should be accepted, without the consent of all those who were parties to it. It is a sacred treaty just as is any other treaty; it is no "scrap of paper."

Those were the wise words spoken by the Right Hon. Ernest Lapointe. The following year, in 1925, Mr. Lapointe stated in this house:

> Surely, the British North America Act cannot be made a scrap of paper, as that treaty was made at that time. There is a way, perhaps, yes; but the only way is the friendly way, is the legal way, is the constitutional way. It is to approach the various parties to the agreement with a view to arriving at an understanding as to the changes which may be necessary and which may be agreed upon by all the parties to the pact. As I have said, I do not think there could be any other way; I believe that any arbitrary action in the matter would simply defeat its own purpose and would strike at the root of our national unity. I think I cite history correctly when I say that every time there has been a dispute in Canada as regards provincial rights, those who were on the side of provincial rights were victorious in the end.
>
> I do not think there can be any attempt to change the mutual charter of both the dominion and the provinces by the arbitrary action of this parliament. I do not think it is possible to do it. To those who want changes, and I am willing to admit that there might be the necessity for changes, I would say that the one way to get them is the constitutional way, to ask the consent of the various parties to confederation.

These words of wisdom were uttered by the Right Hon. Ernest Lapointe on that same occasion.

Mr. Speaker, I also remember the speech delivered by the late Hon. P. J. A. Cardin, on June 20, 1946, during a debate on an amendment to the British North America Act and to section 51. In reply to our present Prime Minister (Mr. St. Laurent), who was then minister of justice, and referring at the same time to an amendment moved by the official opposition to the resolution introduced by the government, Mr. Cardin very wisely said:

> And what is the consequence? We have heard the Minister of Justice say in reply to the hon. member for Calgary West (Mr. Smith) that the federal parliament would have the authority to make representation to the imperial parliament to amend the constitution by wiping out section 133 of the British North America Act which protects the French language in this country, and that without consulting the provinces. That is one consequence

of the theory which has been expounded by the Minister of Justice in this house, contrary to the views expressed by his distinguished predecessor, the late Right Hon. Ernest Lapointe, and all public men in Canada since 1867.

In all the discussions which took place in regard to amending the constitution, it has always been contended by all parties that we could never touch the privileges of any province, of any race or any religion, without giving them the opportunity of being consulted . . .

Mr. McIvor: Hear, hear!

Mr. Fleming: Quite. I also say: "Hear, hear" and applaud the wise words of the late Hon. Mr. Cardin; I wish all the Liberal members who are present today would also say: "Hear, hear" to the wise words uttered by Mr. Cardin in the course of that debate.

Resuming his speech, Mr. Cardin asserted that the proposed amendment—he was referring to the amendment presented during that debate by the official opposition—suggested:

. . . consultation with the provinces and the obtaining of at least their advice before proceeding with the resolution. I am in accord with that view and in that stand I remain in the family of the old Liberals among whom I have been brought up in my political life. I stand with Blake; I stand with Laurier; I stand with Lapointe, and on that constitutional issue, I also agree with leaders of the Conservative party in the past. No, I am not alone. I am at present preaching the gospel they all have preached, the gospel I myself have been advocating in my province and in Canada as a whole for the last thirty-five years.

Mr. Speaker, that was the last speech the late Hon. Mr. Cardin was to deliver in the House of Commons. It was an eloquent speech and full of wisdom. It stated a doctrine which the present Liberal party has forgotten. The doctrine and policy of the Liberal party today, seen in the light of the words of wisdom spoken by Laurier, Lapointe and Cardin, are contrary to the policy of the Liberal party in its better days.

The British North America Act is not an ordinary statute of parliament. It is not an act to be lightly amended. The bill before the house is probably one of the most important parliament will ever be called upon to consider.

The policy of the official opposition is as follows: "Do not touch the constitution without previous consultation with the provinces." We affirm that parliament has neither the legal nor the constitutional right to amend or change the British North America Act, including section 51, without previous consultation with the provinces.

(Text):

Mr. Harris (Grey-Bruce): Mr. Speaker—

Mr. Fleming: Mr. Speaker, might I say that I just about forgot an exceedingly important mission that I was to perform.

[Mr. Fleming.]

Mr. Harris (Grey-Bruce): Before my hon. friend does that, will he be kind enough to answer one question he has not answered yet?

Mr. Fleming: I am sorry. I did not overlook it purposely.

Mr. Harris (Grey-Bruce): I asked him whether it was his opinion that this parliament did not have authority to alter the representation without consulting the provinces. I do not think he covered that point. I might add this by way of elaboration. Would he care to comment as to what group he or his party feels that representation in this house falls under, having in mind the different groups he mentioned in reciting the provincial opinions?

Mr. Fleming: I will deal with the second question first, if I may.

An hon. Member: Be careful.

Mr. Fleming: The minister has asked how the official opposition would classify under the various groups of classifications, some half dozen in number, section 51 of the British North America Act. Mr. Speaker, I do not think it is the function of a federal party to undertake to say to the provinces at this particular stage under which category section 51 should fall. We do say, however, that it certainly does fall within one of those categories which put it within the class of matters which are of concern alike to the dominion and to the provinces, and therefore ought not to be modified without consultation with the provinces.

As to the minister's first question, may I ask him to repeat it?

Mr. Harris (Grey-Bruce): Does my hon. friend say that this parliament has not the authority to alter the representation in this house?

Mr. Fleming: Regardless of the unfortunate mistake that was made in 1949, in proceeding then to obtain legislation for the purpose of vesting in this parliament power to amend the constitution in what are called federal matters, we say that section 51 is not, under any proper interpretation, an exclusively federal matter. We say that it is a matter in which the provinces have a concern; and we are not prepared to draw fine lines to try to exclude the provinces from matters of common concern to the dominion and to the provinces under the British North America Act.

Mr. Ferrie: Sitting on the fence.

Mr. Fleming: We say that you are not going to make federal institutions work harmoniously in a country like Canada if you are going to take a rigid attitude and if you are going

to do as the federal government is doing and say to the provinces—regardless of the fact that eight of the ten provinces have recently stated in strong terms that section 51 is a matter of concern to them as well as to the dominion and that they should be consulted before this section is changed—"We are not going to consult you; we are going to go ahead and amend this act". We say that a proposal of that kind, which is what the government is proposing here, is fundamentally wrong. It is the sort of thing that creates infinite difficulty in achieving harmonious working of our federal institutions in this country.

Surely something of the government's rigid position ought to be sacrificed for the sake of harmony. Should there not be any concession to the provinces in the matter of consultation? Is it going to be such a great blow to the dignity and the self-respect of the government to call the provinces into consultation in a matter of this kind? We say there has been altogether too much standing on federal dignity in these important subjects pertaining to the well-being of the country, so essential to the harmonious operation of our federal institutions in this country; particularly when with it goes an assertion on the part of the government of a position which, in my submission, is opposed to the terms of the act, is at variance with sound constitutional practice in this country, and puts this government directly at odds with the position taken by great men of the Liberal party in the past such as Laurier, Lapointe, and Cardin who have said in the plainest terms that there can be no amendment of the British North America Act without consultation with the provinces.

If the Prime Minister asks again what that word "consultation" means, then I say to him that he should go back and find out what Laurier, Lapointe and Cardin meant when they said that there could be no amendment of this act without consultation with the provinces. The voices of these great men are not heard today, Mr. Speaker, in the Liberal councils. The doctrine and the policy of the Liberal party today in this regard bear no resemblance to the doctrine expounded by those great leaders of the Liberal party.

Mr. Garson: May I ask my hon. friend from Eglinton a question as to what he meant in his remarks? He has left me not clear on one point. We have here a scheme for redistribution which all parties in this parliament support. If this scheme were submitted to the provinces and one or two provinces refused to consent, would my hon. friend think that we should drop the scheme, or proceed with it?

Mr. Fleming: I am not prepared to be drawn into an academic question like that.

Mr. St. Laurent: That is not academic; that is concrete.

Mr. Fleming: I say, Mr. Speaker, that that situation will be confronted if it should arise. It may not arise. But that does not entitle the government to ignore its responsibility to consult these provinces. If the Minister of Justice (Mr. Garson) is looking for a sound exposition of the constitutional position in this matter I commend to him the words of Laurier, Lapointe, and Cardin who were not interested in hair-splitting, but who laid down in categorical, plain and emphatic terms that there is no right to obtain amendments to this constitution without consultation with the provinces. What did they mean?

Mr. Sinnott: That is not answering the question.

Mr. Ferrie: That was 50 years ago.

Mr. Fleming: Oh, the hon. member apparently thinks that is too long ago; there is a new doctrine in the Liberal party. That is precisely what I have been saying, Mr. Speaker. The Liberal party today has thrown overboard the sound constitutional position taken by Laurier, Lapointe and Cardin.

Mr. Martin: Nonsense; sheer nonsense.

Mr. Fleming: There is no greater authority on the subject of nonsense in this house than the minister who has just spoken.

Mr. Martin: Nonsense.

Mr. Fleming: He has plastered the pages of *Hansard* with more of that particular commodity than has any other member in this house.

Mr. Martin: Nonsense.

Mr. Fleming: I think he is still a little bit troubled in his mind. He had better put himself to work polishing up the teeth on that totem pole that appeared in his cartoon last week.

Mr. Martin: Sheer nonsense.

Mr. Garson: Will my hon. friend permit another question? If upon such consultation with the provinces two of them refused to consent, where would my hon. friend suggest this parliament should go from there?

Mr. Fleming: I would say that situation would have to be considered in the light of the objections taken by the two provinces at that time. What would Laurier have said?

Mr. Harris (Grey-Bruce): What did he do?

Mr. Fleming: What would Lapointe have said? Laurier said we had no right to change

this constitution without consulting with the provinces. He said it repeatedly. Lapointe said the same thing. What did Mr. Cardin say? They all said the same thing.

Mr. Garson: What does the hon. member say?

Mr. Fleming: The same thing.

Mr. St. Laurent: For the Progressive Conservative party?

Mr. Fleming: I have no doubt that in what I am saying now I am in accord with the views of the Progressive Conservative party, of which I am very happy to be a member.

Mr. St. Laurent: And which we are now very glad to have on the record for the first time.

Mr. Fleming: Have what on the record for the first time?

Mr. Fournier (Hull): You are making history.

Mr. Fleming: Mr. Speaker, there is nothing now said in the house in this debate in the way of position that has not been taken before. For the Prime Minister to say he is glad to have something on the record today for the first time only shows that the Prime Minister has overlooked a lot of important things, or that he is just trying to score a point for the record that has no justification or basis.

Mr. Benidickson: It was a score just the same.

Mr. Fleming: A score of zero, if not indeed an error.

I move the following amendment, seconded by my colleague the hon. member for Royal (Mr. Brooks):

That Bill No. 331 be not now read the second time but that the further consideration thereof be deferred until the principle thereof has been made the subject matter of consultation between the dominion and the provinces.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the very nature of the case is such that I shall address my remarks, in a few minutes at any rate, to the amendment which has been moved by the hon. member for Eglinton (Mr. Fleming). However, I want to say without delay that we of this group are opposed to this amendment, and I shall indicate our reasons for that stand a few minutes later.

Hon. members will be glad to know that the rules of the house do not permit me unlimited time, so I shall not take too much of the time of the house just now—

Mr. Sinnott: At least you are going to say something.

Mr. Knowles: I thank the hon. member for Springfield; this is a great day. Perhaps he will not be so complimentary when I say that it will probably be necessary for me to speak again later in this debate, after this amendment has been disposed of. The reason that will be necessary is that there is another aspect of the problem of redistribution which we feel should be brought to the attention of the house.

May I say, Mr. Speaker, that we appreciate the remarks made by the Minister of Citizenship and Immigration when he opened the debate this afternoon, particularly when he pointed out that this is a case of our making history. This bill, if it passes and becomes law, will be the first occasion the constitution of Canada has been amended by the parliament of Canada without having to go to Westminster. I confess that I had dared to hope that a bill of mine which was given first reading on April 7 might be in that position, might be the first amendment to the constitution of Canada since the right was won by this parliament to do that in respect of federal matters; but as the order paper is lined up a certain pipe-line bill is blocking consideration of all public bills, including mine with respect to the quorum of the House of Commons. It is still waiting for a chance to be read the second time, even though it was introduced over two months ago.

Nevertheless, Mr. Speaker, it is a matter of great historical significance that we have arrived at this point where we are dealing with a section of our constitution and exercising the right that we have won to amend that constitution in respect of federal matters without going to the parliament at Westminster.

I now want to say a few words with respect to the substance of the amendment to the British North America Act that is before us at this time. That substance deals in the main with two matters. The second one, as the Minister of Citizenship and Immigration pointed out, is that there be two seats in the Yukon and the district of Mackenzie, with which we are in entire agreement. The first of the two matters dealt with in this amendment is the provision of what is known as the 15 per cent floor. I need not repeat the arguments we put forward when the Prime Minister's motion was before the house on April 21, and which were stated again in the special committee when the matter was dealt with there.

The Minister of Citizenship and Immigration is correct in his statement that that committee was unanimous in its recommendation that we should have this 15 per cent floor. I felt, however, that he should have said, in reporting that unanimity, that

before we voted unanimously for this 15 per cent floor, there was presented to the special committee on redistribution in my name an amendment which would have provided for that floor to be fixed at 10 per cent. It is still my view that if we are going to recognize the desirability of varying the "representation by population" rule to this extent for the reasons indicated by the Minister of Citizenship and Immigration, we should have provided a 10 per cent floor rather than a 15 per cent floor. Briefly, my main reason for suggesting that is that the rule, as it is now worded, seems to be a rule to meet a condition for just one province.

On the other hand, the 10 per cent floor would have been more general; it would have dealt with the situation not only in the province of Saskatchewan, but also in the province of Manitoba. We feel in that province that it is unfair, despite our recognition of what happens when you are dealing with figures, that with an increase during the last decade in our population of over 5 per cent we should be losing two seats in the federal parliament. If the amendment I moved in the committee for a 10 per cent floor had been accepted, the result would have been that Manitoba would have lost only one seat and Saskatchewan would have lost only two seats. I need not go into other details. Certain other changes would have followed as well. I just wanted to make clear that before the committee agreed unanimously to the 15 per cent floor a proposal was presented that the floor should be 10 per cent. That came to a vote in the committee. The vote is recorded on pages 6 and 7 of the minutes of the special committee on redistribution, where it is indicated that my amendment was lost by a vote of 18 to 10. After we had lost that vote for a 10 per cent floor we did of course agree unanimously to a 15 per cent floor which is in the bill now before us.

We feel, Mr. Speaker, in the language the Minister of Citizenship and Immigration used, that there is a justification for this floor and we shall support that part of the bill that is now before us. Indeed, we shall support the bill as a whole though there is a suggestion which I shall make at a later stage of the debate. As the minister has pointed out, we talk about the representation by population rule as though it were sacrosanct. The fact of the matter is that we have departed from it throughout the entire history of this country. There have been rules such as the one-twentieth rule which varied the representation by population rule. There is also the senatorial floor. There is the historical fact that, as certain provinces came in, their representation initially was more in some cases than should have been the case on a population basis. We got away from representation by population in the case of the Yukon and the Northwest Territories.

All these things being considered, it seems to us that there is just as much, if not more, justification for the variation in that strict rule proposed by the substance of the amending bill now before us. We are glad to support that substance, particularly with reference to the 15 per cent floor.

Now let me make it clear why we oppose the amendment moved by the hon. member for Eglinton (Mr. Fleming), and why we believe it is within the power of this parliament to amend the British North America Act with respect to section 51. Underlying all this, of course, is the right that was given to this parliament to amend the constitution in respect of federal matters, by the second amendment of the British North America Act which was made in 1949.

This afternoon the hon. member for Eglinton spent a great deal of time telling us—

Mr. Fleming: Amidst a great many interruptions.

Mr. Knowles: —that the second amendment of 1949 was unwise. In other words he does challenge its wisdom. Apparently, though, he is not challenging its validity. I have not heard that there has been any appeal to the courts as to the validity of that statute. The fact of the matter is that it arose out of a joint resolution of both houses of the Canadian parliament, and that the enacting legislation was passed by the parliament at Westminster. It does seem to me clearly to be the law of the land.

The only question at issue here is whether or not redistribution is a federal matter. If it is, then I contend we have the right to deal with it in this parliament. Indeed, we have always had that right. On previous occasions we exercised in this parliament the right to deal with redistribution when we passed joint resolutions and asked Westminster to pass the necessary amendment to the British North America Act.

The only change now is that we are able to exercise that right by passing the amendment right here in this parliament. The hon. member for Eglinton does not like what he refers to as the reducing of the constitution to a mere bill. As a matter of fact it now requires more stages in this parliament to amend the British North America Act than it did formerly. Previously, all it took so far as Canada was concerned was a one stage resolution in this house and a one stage resolution in the Senate, and it did not even require

royal assent. Now it requires that a bill be put through all the stages in this house and all the stages of the Senate, and that it shall have royal assent. Actually, so far as Canada is concerned, we have made it a bit more difficult to amend the British North America Act. The only thing we have done away with is the perfunctory formality of going over to Westminster, and we supported that change very strongly.

What has been the history of amendments to the British North America Act with respect to redistribution? I must not spend too much time on this because, as a matter of fact, the Minister of Citizenship and Immigration (Mr. Harris) referred to the matter in his remarks this afternoon. In fact there have been four cases where amendments to the British North America Act were sought and obtained, which dealt precisely with representation in the House of Commons.

There was the amendment of 1886 which provided for the right to establish representation from territories or areas outside the organized provinces of this country. Dr. Ollivier, in his book "British North America Acts and Selected Statutes," points out that when that amendment was obtained in 1886—and I quote from page 99 of his book—

> The provinces were not consulted, and did not ask to be consulted, though if the British North America Act was a treaty, modification in the representation in parliament, changing the balance of sectional power, might have been contended to require the consent of the existing provinces.

The second of the four amendments to which I refer was the one in 1915 which, among other things, established the senatorial floor under the number of members the provinces should have in the House of Commons. That, too, was passed without consulting the provinces. Prince Edward Island made representations that there be such a floor, but no other provinces were consulted. I may point out that, even as the first of these two changes was in the days of Sir John A. Macdonald as prime minister of this country, the second was in the days of Sir Robert Borden. It seems those two Conservative prime ministers had no doubt about it. They accepted the fact that redistribution was a matter of concern to the federal parliament.

The other two occasions of the four to which I am now referring are within the memory of many, if not most, hon. members now in the house. There was the one in 1943, when redistribution was postponed by means of an amendment to the British North America Act, and the one in 1946 when the rules under section 51 were changed again by obtaining an amendment to the British North America Act.

On neither of those occasions were the provinces consulted. I have always been under the impression that lawyers were governed heavily by precedent. Yet here we have a lawyer today, the hon. member for Eglinton, a *stare decisis* lawyer at that, seemingly ignoring all these precedents and wanting us now to do it in another way.

This afternoon the hon. member had a great deal to say about the opposition of his party, not only to the amendment of 1949 that won the right for parliament to amend the constitution in federal matters, but also the opposition of his party to the amendment of 1946, when we changed the rules under section 51 of the British North America Act. But he seems to gloss over rather quickly the experience of 1943. That, too, was an occasion when we amended the British North America Act with respect to the matter covered in section 51. On that occasion we postponed redistribution because of the war situation.

I find that on that occasion the person who spoke for the Progressive Conservative party was the then leader of the official opposition, the hon. member for Peel (Mr. Graydon). In his speech at that time he did not make a solitary reference to the idea that the provinces should be consulted, but simply gave the motion his support. He did get into an argument with the present Prime Minister (Mr. St. Laurent) over some matters that were perhaps irrelevant to the issue before the house at that time. But, as recorded at page 4344 of *Hansard*, he gave the support of his party to that motion, without any question whatsoever. When one looks at the recorded vote on that occasion, as it is found at page 4367 of *Hansard* for July 5, 1943, we find there were only nine people in the House of Commons who registered their votes against that amendment. Those nine were all independent members from the province of Quebec who sat over here in the southeast corner. The 115 yeas included all the Progressive Conservative members who were in the house at that time. There is one case where they actually voted for an amendment to the British North America Act dealing with what is in section 51 without raising the question as to whether or not the provinces should be consulted. To complete the picture I should say that in that debate one Progressive Conservative member, Mr. King Hazen, did raise the point, but it was not raised officially by the spokesman for that party.

In addition to those four instances which dealt directly with the question of representation in this house, there were the others to which the minister referred, the case in

1871 and the case in 1916 when the life of parliament was extended, and the bill in 1949 which resulted in adding to this parliament seven members for Newfoundland.

I find the case of 1871 most interesting because of some footnotes which Dr. Ollivier has put in his book, to which I have already referred. He points out that in that instance the amendment was actually sought by the executive, by the cabinet, before the decision was made in parliament. Later the matter was the subject of discussion in parliament and parliament by a vote of 137 to 0 decided that no change in the provisions of the British North America Act should be sought by the executive of the government without the previous assent of parliament. That is the position that has been accepted and which has never since been contested. However, in the next paragraph in the footnote Dr. Ollivier states:

> David Mills moved a resolution to the effect that any alteration in the principles of representation in the House of Commons without the consent of the several provinces to the original compact, would be a violation of the federal principle of the constitution, but the resolution was rejected without debate.

Mr. Mills was the member for Bothwell in that parliament. I submit that all the precedents are clear and that in the whole history of this country, so far as redistribution is concerned, it has been accepted that it is a federal matter and that whenever a change is indicated it is within the power of the federal parliament to seek that change. Previously we sought it by a joint resolution to Westminster; now the only change is that we have the right to make an amendment by a bill passed by this parliament.

Some attention, in fact, should be paid to the actual wording of section 51 of the British North America Act, which is quite clear and which states in part that on the completion of each decennial census the representation shall be readjusted by such authority, in such manner and from such time as the parliament of Canada from time to time provides. That is clear. The federal parliament is given the responsibility over redistribution. Indeed that is giving to the parliament of Canada the same authority over federal redistribution as section 92 gives to the provincial legislatures over redistribution within the provinces.

In my view the hon. member for Eglinton (Mr. Fleming) has not answered the very pointed questions on that aspect of the matter which have been put to him from the other side. As I say, it seems to me that the position taken in the amendment now before us challenges the validity of section 91, subsection 1, as it was enacted by the second amendment to the British North America Act of 1949. It challenges all precedents in our history in respect to this matter. Furthermore, as I see it, it seems to me to do all the things which the hon. member for Eglinton claims that this bill does.

The hon. member seems to regard this bill as a threat to confederation, as a denial of all the principles of federal and constitutional government, but actually if we were to accept the position of his amendment that every time it is necessary to adjust the constitution even with respect to federal matters, we would have to go through the routine of consulting the provinces, which implies getting their consent, we are going to hog-tie our constitution and prevent the possibility of any change or progress in this country. Maybe the hon. member and his party want it that way; we do not.

I regard it as important that the amendment moved by the hon. member for Eglinton should be defeated so that we make it clear that we are not going to permit ourselves to become hog-tied in that way.

Surely it is part and parcel of the whole theory and practice of democratic government that we should not forever be tied to the past. What we may yet do in the way of sorting out the various means of amending our constitution in respect to matters provincial or matters that are of mutual concern is another question. I hope the day will come when we do get that problem sorted out and our entire constitution becomes a Canadian document. In the meantime let us not go back on such progress as we have made in respect to amending the constitution in federal matters.

It has been established across the years that this parliament is responsible for redistribution. It has now been established, even if my hon. friends to my right do not like it, that this parliament of Canada has the right to amend the constitution with respect to federal matters, of which redistribution is one. In my view it would be a mistake, it would be a retrograde step, it would be tying our hands for the future and holding Canada back if we took the position set out in the amendment of the hon. member for Eglinton.

I shall leave it at that. As I have already indicated, there is another phase of the matter which we feel should be dealt with, but in the nature of the case it will be necessary to wait until this amendment has been disposed of before we can bring the other matter we have in mind before the house.

Mr. Robert Fair (Battle River): Mr. Speaker, having had the opportunity on an earlier occasion to deal with an amendment similar

to the one moved by the hon. member for Eglinton, it is our intention to treat this matter exactly the same as we treated the former matter, that is to vote against the amendment. Without getting into any legal entanglements, because I am not a member of the legal profession, I am compelled to deal with this matter with common sense and sound judgment.

I feel that taking care of the readjustment of the membership of the House of Commons is a federal responsibility. I do not believe in calling in other people to do chores which we should do ourselves, and therefore it is our intention to vote against this amendment. Later on when other matters are before us we shall deal more fully with them.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I do not intend to go over the arguments that were presented on an earlier occasion when this same subject matter was under discussion and when a vote was not taken in relation to the argument then put forward. It does seem to me, however, that there has been a very strange disregard of a position that had never been challenged in this house until comparatively recent years. Going back over the debates in the house on any occasion when this subject has been under consideration, the leading spokesman of both the Conservative and the Liberal parties have always taken the position that the British North America Act is a compact and that in those matters affecting the interests of the provinces changes should not be made which could affect their interests without the provinces having an opportunity to express their opinions and to discuss the subject matter raised.

I noticed that during the time the hon. member for Eglinton (Mr. Fleming) was speaking this afternoon the Prime Minister (Mr. St. Laurent) challenged him on more than one occasion with regard to the statement that there should be consultation with the provinces. The hon. member for Eglinton was asked if that meant consent. This question has been asked on other occasions and apparently implies the proposition that the government does not expect consent. Before a question of that kind is put forward as an implied answer to the suggestion that there should be consultation, perhaps it could be met by another question. If the government seriously contemplates some measure of success in the discussions it initiated with the provinces for the purpose of seeking a basis for amendment of the British North America Act, what does it suggest as the basis on which that agreed method of amendment is going to be arrived at? After all, this government now has the responsibility for producing any results that can be produced by it in dealing with the provinces. Do not ask the opposition at this point how they would deal with this matter as though that in itself was an answer to arguments put forward with respect to the necessity for consultation at a time when the government itself is consulting with the provinces presumably with the expectation that some satisfactory system may be worked out for the amendment of our own constitution.

Unless the government believe there is a possibility of arriving at common ground, then they have engaged in what they regard as a fruitless endeavour from the very outset. I hesitate to believe that they are parties to such a sham. I hesitate to believe that they invited the provinces to meet with them and discuss possible procedures of amendment of the British North America Act without some belief that there is a possibility of reaching common ground and a meeting of minds as to the manner in which the amendment of our constitution shall take place. Anything else would suggest such a cynical approach to this great question by the government as would be a challenge to the possibility of any satisfactory dealings between this government and the provinces at any time.

The Prime Minister, the minister who has moved the motion for second reading of the bill and other members who appear to be ready to support this procedure are well aware that men who were regarded for years as possessing a very great knowledge of our constitution, men like Sir Wilfrid Laurier, Right Hon. Arthur Meighen, Right Hon. Ernest Lapointe and others, always insisted upon the proposition that there could be no question about the necessity for consulting the provinces if a new basis for allocating the number of members to each province was to be worked out. On April 21 of this year I placed on record in *Hansard* quotations from speeches by Sir Robert Borden, Right Hon. Arthur Meighen, Right Hon. Ernest Lapointe and Sir Wilfrid Laurier, all agreeing in remarkably similar terms to the necessity for bringing the provinces into any discussion of such a change as is contemplated by the measure now before us.

I refer to *Hansard* of that date because I do not intend to read again quotations that are already on record during the course of the present session. The effect of these arguments can be summed up in the opening words of the speech I quoted of Right Hon. Ernest Lapointe on February 18, 1925, when he said:

> I submit that this should be a matter for understanding between the dominion and the provinces, and it is a matter upon which, I am sure, agreement might and should be reached.

Without extending the quotation or the arguments, and in answer to the question asked by the Prime Minister, I would simply repeat what was said by Right Hon. Ernest Lapointe 27 years ago, that it is a subject upon which I am sure agreement might and should be reached. Unless agreement can be reached then we must immediately recognize that there are differences of opinion with respect to this matter which should be borne in mind at a time such a change is contemplated. I hope any argument that may be made in support of the adoption of this measure now before us will not seek to divert attention from the vitally important principle involved by arguing that no great harm is going to be produced as a result of what is now proposed.

If the original understanding which was the basis upon which confederation became possible is to be changed in this way without consultation with the provinces, then that principle may be extended right down the line. There is no doubt about the fact that Sir Wilfrid Laurier, Right Hon. Ernest Lapointe, Sir Robert Borden, Right Hon. Arthur Meighen and others on both sides of the house thought this was one of those agreements embedded in the constitution which could not be changed without consultation and understanding between the dominion government and the provinces.

It is true that we must be ready to keep pace in our thinking, our conduct, our legislative enactments and administrative procedures with the rapidly changing world in which we are now living and the rapid expansion of this country. There are some things, however, which do not change and which are not related to the changing events, except in so far as there must be adjustments related to population. When the fathers of confederation agreed to the terms of the British North America Act, which became our basic constitution in 1867, they recognized in the terms of that constitution the fact that there were going to be changes in population. They recognized that there were likely to be changes in the relationship of populations and the proportionate basis between the provinces. For that very reason they adopted a method of arithmetical computation which persisted through the long years until the amendments which have been referred to in the earlier discussion this afternoon.

The fact that an unsatisfactory method was adopted by this government on an earlier occasion should not be accepted as an answer to any argument as to the impropriety of the course that is now being pursued. What it does do is emphasize the danger of a precedent; and to any hon. member who believes in the sanctity of the British North America Act I suggest that he recognize the extent to which this government is inclined to use a precedent established on one occasion as a justification for extending that precedent on some future occasion. The procedure now followed, under which the original understanding is abandoned, is one which is being employed on this particular occasion for the purpose of meeting a situation which most hon. members think should be met in some way. This is not the first time there has been a departure from the absolute arithmetical computation originally contemplated by the British North America Act.

I would recall the words of the minister who is moving that this measure be given second reading. This afternoon he told us that this is an historic moment. He told us that this is an occasion to remember, because we are now going to amend our own constitution without reference to Westminster. I hope hon. members will recall that we have supported the principle that Canadians should interpret their own constitution. Nevertheless, we have said that as we assume the authority and responsibility for amending our own constitution in Canada, we must be very careful not to depart from those basic principles which were accepted as part of the compact at the time the provinces joined to make one nation. We cannot measure the dangers that may lie in a denial of those basic principles, and in a refusal to consult the provinces, by any argument that may take place as to the absence of any danger in the actual results that will flow from the abandonment of that practice on this particular occasion.

I suggest now, Mr. Speaker, that since this is an historic moment; since this is the first occasion upon which the parliament of Canada is assuming full responsibility for amending its constitution in a matter of this kind, we should recognize the position of the provinces and seek their opinions before such an important step is taken. I find it very difficult to understand how anyone could seriously argue that the provinces are not interested in the results of this action. The very fact that we do not simply take some figure and use that to determine the number of seats throughout the whole of Canada, but that we use a formula for arriving at the number of seats in each province, and under the formula now adopted divide the population of the province by that figure to arrive at the number of seats in that province, recognizes that there is a provincial interest in the representation in this house. It recognizes that the representation of federal members is part and parcel of our federal system,

and that the representation of a certain number of members from each province goes hand in hand with the whole system which was adopted under the act of confederation.

We have put this argument forward with the utmost earnestness, Mr. Speaker, in the hope that as we now proceed to amend our own constitution we will, at the very outset, recognize the rights of the provinces. I would ask hon. members who are considering the amendment now before them to examine what has been said in the past; to remember that no changing events have changed that basic principle, and that in this federal system we must not be at any time beguiled into accepting the arguments that would apply to a unitary state and which are certainly not applicable to a federation such as ours. The provinces have their place, just as the dominion has its place, and this amendment now before the house is simply intended to establish a recognition of that relationship between the provinces and the dominion which was clearly recognized at all times in the past, until by a somewhat uncertain route we arrived at a procedure which is not supported by those who were closer to the event and clearly understood what had guided those who so wisely laid the foundation of Canadian unity.

Mr. Garson: Before the hon. member takes his seat, will he permit a question?

Mr. Drew: Yes.

Mr. Garson: Can the hon. member cite a single case in Canadian history in which an amendment to the British North America Act, for the purpose of changing the representation of the House of Commons, was ever submitted to consultation with the provinces?

Mr. Drew: The hon. member who has just spoken already knows that I have taken objection to the course that has been previously adopted. This afternoon I indicated that I believed the very fact that these dangerous precedents are being followed today is the best evidence why, on this historic occasion, we should establish a sound precedent for the future.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I do not think I need detain the house long on this amendment, nor on the principle involved in the bill which is now under consideration. This debate is largely a repetition and perhaps some development of the debates we had in this house in 1943, in 1946 and again in 1949; but I think it has been quite useful to have it today because it has brought about some degree of clarification of the differences between the parties on this matter concerning amendments to the Canadian constitution. Nevertheless I am somewhat puzzled to know just exactly what is intended by this amendment, which provides that consideration of the bill before the house be deferred until the principle thereof has been made the subject matter of consultation between the dominion and the provinces.

The hon. member for Eglinton (Mr. Fleming) stated that there were some matters that were so fundamental to the constitution that they should not be dealt with until there had been the agreement of all the provinces but that there might be others where the situation would be different if there were one or more dissenting provinces. I do not know just how that would apply to the provisions of this bill, but I will admit that it is difficult to make in advance definite pronouncements as to what would or should be done in circumstances of which the whole atmosphere is yet unknown.

I think I should endeavour to add something by way of clarifying the position I have constantly taken on this extremely important matter; and at the outset I wish to say that it is not a position taken since I have come into politics. These are the beliefs I have always held as a lawyer. In order to substantiate or to verify that statement, one would only have to refer to a speech I made as president of the Canadian Bar Association in 1931; it is contained in the proceedings of the Canadian Bar Association, volume 16, 1931, at pages 97 and following. There it will be found that my views at that time were that the British North America Act had distributed legislative and executive power between the federal authority on the one hand and the provincial authorities on the other hand; that while the situation remained as it was in 1867—that is to say, that the powers exercised in Canada were controlled by and subject to those of the parliament at Westminster—it might well be that the parliament at Westminster could and would modify the distribution that had been made in 1867, but that since the declaration of 1926 with regard to the equality of status of the various members of the commonwealth I did not believe that the parliament at Westminster would attempt to do anything to operate in Canada except at the request of the Canadian people made through their proper representatives.

That is the position I have always taken. I have always asserted that the terms of the B.N.A. Act were not the terms of a contract between the provinces because when the conferences were held prior to confederation there was one province of Canada, comprising Upper Canada and Lower Canada, there were no provinces of Ontario and Quebec; and there were the maritime provinces. At that time there was a compact between the representatives not merely of the people segregated by provincial boundaries; there was a compact between those who spoke for the two great principal races inhabiting these territories at that time. By referring to the speeches of Mr. Meighen, hon. gentlemen will find that was also his view, namely that it was not a compact between provinces—they did not exist—but that it was a compact between a majority and a minority as to the arrangement they were going to ask the parliament at Westminster to enact as statute law in what was to be the constitution of Canada. That is the way it was dealt with.

There was a conference at Charlottetown and there was a conference at Quebec. Then there was a conference in the Westminster hotel in London. There were successive drafts of the legislation which it was desired to put before the parliament at Westminster. The final form is, in substance, in accord with what had been accepted at the conference at Quebec, but in detail it is quite different from what had been the language used in the Quebec resolutions.

My view was and is that the legislative and executive jurisdiction given to one authority could not be taken from that authority without its consent, and that anything that would take from the provincial legislatures that part of the sovereignty of the Canadian people that was assigned to them, in accord with the compact by the B.N.A. Act, could not be taken from them without their express consent. But it must not be forgotten that the people of the provinces are also the people of Canada, and that that part of their sovereignty which was not entrusted to the local legislatures was entrusted to the general legislature. It is just as important to respect and preserve the rights, privileges and autonomy of the federal legislature as it is to be respectful of the rights and privileges of the local legislatures. It so happens that it is at this time our responsibility on what I may call the treasury benches to see to it that there is no abandonment by us of the rights and privileges given, in that distribution, to the federal authority.

With respect to representation in this house, in the Quebec resolutions it had been provided that the adjustment of constituencies in the provinces and of their boundaries would be something dealt with by the provincial legislatures. The general principle agreed upon was that the basis of representation in the House of Commons should be by population as determined by the official census every ten years. To work that out certain rules were established, and it was provided in resolution 19 that immediately after the completion of the census of 1871 and immediately after every decennial census thereafter the representation from each section in the House of Commons should be readjusted on the basis of population.

For the purposes of readjustment Lower Canada was to be assigned 65 seats; and its population was to be divided by 65, and the quotient was to determine the unit of representation in the other provinces. But there was also as a part of the agreement that the representation was to be on the basis of population, a qualification that would avoid too sudden changes. No province was to see its representation diminished if its proportion of the population had not decreased by as much as 5 per cent. It was then further provided in resolution 24 as follows:

> The local legislature of each province may from time to time alter the electoral districts for the purposes of representation in the House of Commons, and distribute the representatives to which the province is entitled in any manner such legislature may think fit.

Well, that was in the Quebec resolutions. When these resolutions came before the legislature of the united Canadas, Sir John A. Macdonald presented an address to be submitted to Her Majesty for the adoption of a bill by the parliament of Westminster and the terms of paragraph 24 were changed in the address to read as follows:

> The local legislature of each province may, from time to time, alter the electoral districts for the purposes of representation in such local legislature, and distribute the representatives to which the province is entitled in such local legislature, in any manner such legislature may see fit.

That gave rise to quite a debate, and in the course of that debate—I am reading now from page 39 of the confederation debates of 1865—Sir John A. Macdonald had this to say:

> A good deal of misapprehension has arisen from the accidental omission of some words from the 24th resolution. It was thought that by it the local legislatures were to have the power of arranging hereafter, and from time to time of readjusting the different constituencies and settling the size and boundaries of the various electoral districts. The meaning of the resolution is simply this, that for the first general parliament, the arrangement of constituencies shall be made by the existing local legislatures; that in Canada, for instance, the present Canadian parliament shall arrange what are

to be the constituencies of Upper Canada, and to make such changes as may be necessary in arranging for the seventeen additional members given to it by the constitution; and that it may also, if it sees fit, alter the boundaries of the existing constituencies of Lower Canada. In short, this parliament shall settle what shall be the different constituencies electing members to the first federal parliament. And so the other provinces, the legislatures of which will fix the limits of their several constituencies in the session in which they adopt the new constitution. Afterwards the local legislatures may alter their own electoral limits as they please, for their own local elections. But it would evidently be unproper to leave to the local legislature the power to alter the constituencies sending members to the general legislature after the general legislature shall have been called into existence. Were this the case, a member of the general legislature might at any time find himself ousted from his seat by an alteration of his constituency by the local legislature in his section. No, after the general parliament meets, in order that it may have full control of its own legislation, and be assured of its position, it must have the full power of arranging and rearranging the electoral limits of its constituencies as it pleases, such being one of the powers essentially necessary to such a legislature.

Well, the parliament of the united Canadas passed an address in the terms which I read to the house a moment ago giving the local legislatures the right to deal with their own local constituencies for the purposes of their own local legislatures. But apparently that did not completely settle the matter, because we find that in the resolutions adopted at the Westminster hotel when the delegates went over there to have the bill prepared and introduced, this section 24 was not expressly dealt with. There it was said that after each census the representation would be readjusted, but the resolution did not say by whom or how the readjustment would be made.

Mr. Knowles: That would be after each census?

Mr. St. Laurent: Yes. I find in Pope's confederation papers that the first draft that was prepared of the bill to be submitted to the parliament of Westminster contained as the twenty-fifth section the following:

On the completion of the official census of the population of the united colony in the year one thousand eight hundred and seventy-one, and of each subsequent decennial census, the representation of the four provinces shall be readjusted by such authority, in such manner, and from such time, as any act of the parliament of the united colony from time to time directs, according to the following rules: (Qu. the readjustment to be made by an independent authority, as some of the judges, to be specified in the imperial act.)

That matter was then apparently considered and discussed, and in the third draft that was dropped and the provision was couched in the language which we find originally adopted in the British North America Act of 1867 which provided that the readjustment would be made by parliament or by such authority as was designated by parliament, and the opening lines of section 51 were:

On the completion . . . of each decennial . . . census, the representation of the four provinces shall be readjusted by such authority, in such manner, and from such time, as the parliament of Canada from time to time provides, subject and according to the following rules . . .

Then followed rules to carry out the basic principle of representation by population, with the qualification against too rapid or frequent changes. Well, it was the submission of the hon. member for Winnipeg North Centre (Mr. Knowles) that this was a declaration that this was a matter within the jurisdiction of the Canadian parliament, and I think that is clearly the case. It is something which was placed within the jurisdiction of the Canadian parliament because, among other reasons, in the opinion of Sir John A. Macdonald it was essential that that be done and, to paraphrase his language, it would be improper to have it otherwise.

That being the case, it has always been my view that it was something—I will not say of no interest to the provinces if by "provinces" we mean the people who live within the boundaries of the provinces—but it is something which is not within the purview of those who represent that population in the provincial legislatures and in the provincial governments. It is something within the purview of those who represent that population in the federal parliament, here in this House of Commons.

It was for that reason that, in 1946 and in 1949, we on this side of the house resisted the suggestion that there should not be anything done about such matters without consulting the provinces, because in our view to consult the provinces would imply the recognition that it should not be done without their consent. If consultation does not mean that we are going to be guided and even bound by the results of consultation, then it is an empty form and something which should not be resorted to. And we here on this side of the house feel that it would be a betrayal of our duties to the people of Canada at large to abandon such responsibility to those who represent the population in the local legislatures of the respective provinces.

We think it is the right of the people of Canada generally to choose their representatives to speak for them in this general parliament on all matters which, in the distribution of legislative and executive powers, were assigned to the general parliament.

That does not mean we would not like to get agreement with the provincial governments with respect to an over-all formula to have all amendments to our constitution

within the power of the people of Canada by their elected representatives somewhere. And in order to attempt to bring that about we have a conference that is still in existence trying to work out a formula. When that conference met objections were made to the fact that we had taken, or we had asked and had obtained from the parliament at Westminster, the right to have, with respect to federal matters, the same jurisdiction the legislatures had with respect to provincial matters.

They said, "You should not have done that in advance when we were going to have this conference." Our reply was: I think if we can hit upon a general formula we will not object to discussing the possibility of compromise on that score, as upon everything else; and we will consider anything you may wish to suggest and about which you think the representatives in the legislatures or in the provincial governments should have something to say. We will consider it; but we do not undertake necessarily to do it, because we have as great responsibility to the general public of Canada as you have to the public of your own provinces.

There was some reference to section 51. Our position was that that was something that was not of particular concern to them. But we said, let us not break up on any of these matters until we see how far we can get general agreement, and just how much we are apart.

All these conferences, if they are to be successful, have to be ended with some degree of compromise on both sides. We were not in a position where we could give away the rights of the federal parliament; but we were in a position where we could discuss them, and where we could get to proposals that could not be binding upon the Canadian public until they had the approval of this parliament itself. We are still endeavouring to get agreement on the whole matter of the Canadian constitution. But, pending that, we think we did accomplish a useful step in the assertion of our national status in getting from the parliament at Westminster the right to do ourselves, right here in Ottawa, the things that we used to ask them to do and which they invariably did, when we asked them to do them.

We would not ask them, without the consent of the provinces, to vary or alter this distribution in legislative, administrative and executive jurisdiction. That was a fundamental basis of the compact between the two great races in 1867. But if we or some other parliament took the responsibility of doing it—well, since the Statute of Westminster I do not know just what would happen there at Westminster. They have never yet refused to accede to a joint address of the Senate and House of Commons of Canada; and they certainly would be in a very embarrassing position if any address went from the Senate and House of Commons of Canada asking them to do something which did disturb this distribution.

That is a hypothetical question, because I have every confidence in my fellow Canadians, enough confidence in them to believe that long after I cease to be in this house there will always be a majority here who will be respectful of what was the real basis of that compact between the two great races in 1867.

I do not wish to cite from my own speeches, but some hon. members will recall that when the late lamented and beloved member for Calgary West asked me if, according to that doctrine of mine, the parliament at Westminster could and would be apt to act upon a joint address of the Senate and House of Commons of Canada to do away with the right of my people to speak the French language in this House of Commons, I had to reply that technically and legally I thought that that was the case. But I reminded the hon. member of the answer Felix made when he was being asked to dispose of St. Paul. He said that it was not the custom of the Romans to condemn a man without hearing him first. And it is not the custom of Canadians to go back on what they look upon as the moral undertakings of their ancestors toward each other in this confederation pact.

There is just one other point I wish to make. Thus far I have been speaking about this amendment. With respect to it I invite those who have any confidence in us to follow us and to vote it down. But as to the merits of the amendment proposed in the bill itself, I repeat what I said when I moved the resolution to refer the matter to the committee. I am going to support this bill. But it is a free vote. It is the responsibility of each and every one to decide for himself, having in mind the responsibility he feels to his constituency and to his country at large, whether or not the rules presently in section 51 should be modified or expanded.

I think it would be unfortunate to have those rules applied in all their rigour to a province which would thus see its representation cut down by 25 per cent. I think it would be a mistake to do that. Others may have other views about it. Others may feel that we all should abide by the rules of the game as they now stand. But, on the merits of the bill, and on deciding as to whether or

not it should get second reading, I am going to vote that it should get second reading. But I state here and now that I will not regard as going back on me anyone of any party who feels that is not the right thing to do, and who votes against the second reading of the bill which would, of course, impose that rigid application of the rules of section 51 as they were adopted in 1946.

I have no doubt that my colleague the Minister of Citizenship and Immigration (Mr. Harris), who is sponsoring the bill, is going to vote for the bill he sponsored, but I have not asked any other of my colleagues what attitude he would take, nor have I asked any of those who make up the usual following of the government in this house what attitude they will take on the merits of the bill. I am not going to try to influence them in their attitude beyond letting them know what my own is going to be.

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

YEAS

Messrs:

Black (Cumberland)
Blair
Brooks
Browne (St. John's West)
Casselman
Catherwood
Coyle
Diefenbaker
Fairclough, Mrs.
Ferguson
Fleming
Fraser
Gagnon
Graydon
Green
Harkness
Hees
Lennard
Macdonnell (Greenwood)
MacLean (Queens)
McGregor
McLure
Montgomery
Murphy
Nowlan
Robichaud
White (Middlesex East)
—27.

NAYS

Messrs:

Abbott
Anderson
Applewhaite
Ashbourne
Bater
Beaudoin
Benidickson
Bennett
Black (Chateauguay-Huntingdon-Laprairie)
Blanchette
Blue
Bonnier
Boucher
Bradley
Breton
Bryce
Byrne
Cameron
Campney
Cannon
Carroll
Carter
Cavers
Chevrier
Cloutier
Corry
Cote (St. Jean-Iberville-Napierville)
Cote (Verdun-La Salle)
Crestohl
Croll
Cruickshank
Darroch
Deslieres
Dickey
Dube
Dumas
Eyre
Fair
Ferrie
Fournier (Hull)
Fulford
Garson
Gauthier (Lake St. John)
Gauthier (Lapointe)
Gauthier (Portneuf)
Gillis
Gingues
Goode
Gour (Russell)
Gourd (Chapleau)
Gregg
Harris (Grey-Bruce)
Healy
Helme
Henry
Hetland
Hosking
Huffman
Hunter
James
Johnston
Jones
Jutras
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Knight
Knowles
Lafontaine
Laing
Lapointe
Larson
Leduc
Leger
Little
Macdonald (Edmonton East)
MacKenzie
MacLean (Cape Breton North and Victoria)
MacNaught
Macnaughton
McCann
McCubbin
McCusker
McIlraith
McIvor
McLean (Huron-Perth)
McMillan
McWilliam
Major
Maltais
Masse
Mayhew
Monette
Mott
Murray (Cariboo)
Mutch
Nixon
Noseworthy
Power
Proudfoot
Prudham
Quelch
Ratelle
Richard (St. Maurice-Lafleche)
Robinson
Rooney
Simmons
Sinnott
Smith (Moose Mountain)
Stewart (Winnipeg North)
Stick
Stuart (Charlotte)
Thatcher
Tremblay
Viau
Ward
Weaver
Weir
Welbourn
Whitman
Winkler
Wood—121.

Mr. St. Laurent: Mr. Speaker, I know hon. members will realize that the only reason I abstained from voting was that it so happened that the leader of the opposition (Mr. Drew) was not in his seat.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before the question is put on the main motion there is another aspect of the matter of redistribution which we feel the house should consider. I have already indicated that it was my intention on behalf of this group to move a further amendment. Indeed, the amendment is one which I sought to move in the special committee on redistribution. It was ruled out of order in that committee on the ground that the terms of reference given to the committee did not empower it to deal with the question of whether or not redistribution should be effected by an independent redistribution commission rather than by a committee of the House of Commons.

That, Mr. Speaker, is the subject of my amendment, and I shall move it in a form which, if adopted, would give to that committee the power to consider that very question. I thought the Prime Minister (Mr. St. Laurent) tonight anticipated that I might be raising this question when in discussing the amendment then before the house he referred to the fact that as long ago as 1867 at the Westminster hotel in London the question was raised as to whether the redistribution of

seats in the federal parliament should be carried out by a committee of parliament or whether it should be referred to some independent tribunal. Apparently the fathers of confederation and those who were associated with them did not see fit to determine at that time that it should be done that way, although in the wording of section 51 they left the door open by leaving it for parliament to decide what authority should carry out redistribution.

This question as to whether or not redistribution should be effected by an independent body rather than by parliament has come in for considerable attention in the last two decades. As the hon. member for Quebec South (Mr. Power) has pointed out, just at the outbreak of world war II a bill had been prepared which he, in the name of the government, would have introduced but for the outbreak of the war. In other words, but for that tragic event we might already have had redistribution effected by an independent commission instead of by a committee of parliament. The matter was discussed again at the time of the last redistribution, namely in 1947. On that occasion I had the privilege on behalf of this group of moving an amendment to second reading of the representation bill suggesting that, as an alternative, the redistribution of that year should be referred to an independent commission.

I well remember the remarks of the hon. member for Quebec South on that occasion. He indicated his support of the principle of my amendment, and he reminded us of the bill he had prepared some years before. He said, however, that it was difficult and impractical in his view to set up an independent redistribution commission when redistribution was right at our doorstep. In other words his proposal was that we should deal with this matter some years in advance. Again in this session the hon. member for Quebec South brought this matter to the attention of this house and of the country in a very forceful manner in a speech he made on the address in reply to the speech from the throne. He has a bill on the order paper that would establish an independent redistribution commission; but he has counselled us—and mind you, his counsel must be taken into account—to the effect that it may be that we have to look ahead; it may be that when we are right at the problem of redistribution it is too late to change the method of that immediate redistribution. It may be that, as the hon. member for Quebec South says, we shall have to plan while we are in the very midst of one redistribution for a different method of dealing with the next and future redistributions.

In other words, the amendment I shall move carries out the spirit of that suggestion which was made earlier this session by the hon. member. May I remind hon. members that others have indicated their support for the principle of redistribution being undertaken by an independent body. I refer in particular to the view expressed by the late prime minister, Right Hon. William Lyon Mackenzie King. On February 3, 1947, when he spoke in the debate on the address in reply to the speech from the throne, he answered a question which had been put to him by the then leader of the opposition, Mr. John Bracken. Mr. Bracken had expressed the hope that redistribution might be carried out by an independent commission. Mr. King's reply, which can be found on pages 67 and 68 of *Hansard* for that date, was that on several occasions he had expressed the personal view that redistribution should be carried out by an independent tribunal. He said that he still held that view, but he said, and I quote from *Hansard*:

> I do not believe that the majority of hon. members take that view, and in that particular I am prepared to accept the will of the majority. I hope, however, that the day will come when the House of Commons of Canada will see the wisdom of allowing its redistribution to be made by some impartial tribunal and not by the members of the house themselves dealing with the matter in committee as in former years it has been dealt with.

I am not so sure that Mr. King was right that it was the view of the majority of the house that this way should not be tried, but at any rate that was the opinion expressed. Nevertheless, at the same time he expressed his personal opinion, and it was one that he had held for some time, that it should be done by an independent body.

Those of us who have spoken on this subject from time to time have quoted such authorities as Professor Norman Ward of the university of Saskatchewan. The hon. member for Quebec South quoted him when he spoke earlier this session, and so have some of the members in this group. I need not take the time to put some of the excellent quotations from Professor Ward on the record again, but I shall refer to a quotation that was put on *Hansard* on April 21, 1952, at page 1441, in which Professor Ward demonstrated clearly that this is an outmoded way of dealing with redistribution—that is, referring it to a committee of the House of Commons. He supports most strongly the suggestion of the hon. member for Quebec South that the time has come to refer the matter to an independent tribunal.

I remind hon. members as well of the tremendous interest there is in this question on the part of those who write the editorials in most of the newspapers of this country.

It has been discussed this year in particular because redistribution is with us at the present time, and it is a subject of great interest. I think it is fair to say that the consensus of editorial writers in this country is that we should find a better way than by referring the question to a committee of this house; that we should set up machinery to make it possible for the problem to be handled by an independent commission. Hon. members are aware that the practice of referring the matter to an independent commission is followed in the United Kingdom, New Zealand and Australia, as well as other democratic countries. Indeed we are about the only democracy that still adheres to this outworn method of dealing with this problem.

Mr. Diefenbaker: Will the hon. member allow a question?

Mr. Knowles: Yes.

Mr. Diefenbaker: I have been following very carefully, and I wanted to ask whether the press anywhere suggests a constitutional amendment in order to bring about that condition of affairs; or would it not be better to have it in the form of a statutory amendment to the election act?

Mr. Knowles: I cannot say whether I have seen any editorial comments suggesting that this matter be settled by means of a constitutional amendment, but I am making that proposal, in line with what has been suggested by the hon. member for Quebec South, that we make a firm decision. What annoys me is that at redistribution time we can all agree that next time we should do it the other way, but then we let the years roll by and when the next time comes the same sentiments are expressed again, that we shall have to leave it over until the next time. It was for that reason I felt we should settle the question by writing into our constitution the necessary amendment. That it could be written in I think is borne out by the statement of the Prime Minister tonight to the effect that this was discussed at the Hotel Westminster in London back in 1867, and that is the suggestion I shall be making in the amendment I shall move in a few minutes.

May I also cite as support for our contention that redistribution should be carried out by an independent commission rather than by a committee of parliament the experience we are having right at this very time in dealing with redistribution. Professor Norman Ward, in the quotation I referred to a moment ago, said that, with the best will in the world, a group of M.P.'s drawn from many occupations, provinces and political parties would find it extremely difficult to face objectively the various problems connected with this whole question of redistribution.

I think it is fair to say that we in this parliament think we are members with the best will in the world. Yet it is an understatement to suggest that we are having great difficulty in sorting out the problems associated with redistribution. Indeed, there are many knotty problems to be dealt with in that sphere before this session ends. In my view the experience hon. members are having right now should convince all the members of this house that the time has come to make a firm decision with regard to this matter.

The last time redistribution was up for consideration, namely in 1947, we moved an amendment to the motion for second reading of the representation bill the effect of which would have been to refer the redistribution of 1947 to an independent commission. That amendment was defeated. In my view such a move would be a valid one to make on this occasion. But there are those who might say that if one now tried to refer the present redistribution to an independent commission, that would result in delay, in fact in so much delay that the next election might have to be fought on the present boundaries. In my view that is not a sufficient argument against referring the matter to an independent commission for this very redistribution. However, I recognize the fact that if we were to move an amendment of that kind it would be beaten and no gain would be made.

Believing that it is our job to look to the future, Mr. Speaker, we are therefore going to propose instead that, in the light of our present experience, in the light of the opinions of people across this country and in the light of the advice of the hon. member for Quebec South, we now make a decision that this is the last time redistribution will be carried out by a committee of this house. We are going to propose that we now make the decision that, in the case of the redistribution to be effected after the decennial census of 1961 and every census thereafter, redistribution will be carried out by an independent commission to be established by parliament.

There will be much to do before 1961. A bill establishing such a commission will have to be prepared. That bill will have to specify the rules on the basis of which that commission will function. That bill will have to determine the composition of that commission, and to make certain of its independence. That bill would have to provide what would happen when the commission had finished its work and had reported its findings to Mr.

Speaker, for in the end the responsibility in connection with this matter would still rest with parliament.

The hon. member for Quebec South, in his bill, proposes a way of dealing with that problem. I am not going to comment as to whether his method is the best one or not; and he will agree with me that at this point that is not something for us to decide. The fact that he has worked it out in his bill is evidence of the fact that it can be done. My suggestion is that at this moment we should at least take the position that next time, and every time thereafter, redistribution is going to be carried out by an independent commission.

The way we propose that this matter should be dealt with, Mr. Speaker, is by referring the subject matter of the bill now before us to the special committee on redistribution which is still in existence and is still carrying on its work. In fact, procedurally we are rather fortunate that that committee is still meeting, because it makes it possible for us to deal with this matter in a manner which will not kill the effort now being made to amend the British North America Act in respect of the 15 per cent floor and in respect of two seats for Yukon and Mackenzie River. Our proposal is that the subject matter of this bill should be referred to the special committee on redistribution and that it should be given by this house power to do something which thus far it has not had the power to do, namely the power to consider whether the British North America Act should be amended to provide that the readjustment in the representation in the House of Commons to be effected following the decennial census of 1961, and following each decennial census thereafter, shall be made, subject to any rules to be prescribed by parliament, by an independent commission to be appointed by parliament for that purpose.

If the motion in those terms which I shall presently move were to pass the house tonight, that would mean that this house would express its support of the principle that we should have an independent commission after the next census, and it would also refer that matter to the committee to consider. The committee could then consider it and if it approved of the idea of amending the British North America Act in that respect it could present to the House of Commons a further report including a draft bill which would be the same as the draft bill it has already agreed upon plus the amendment that would be necessary to carry out the proposal I am presenting to the house tonight. In fact the amendment which was ruled out of order the other day, and which I moved in that committee, was designed to do that very thing; and I am satisfied that it would have done it. The only difficulty was that the chairman felt the committee did not have power, under its terms of reference, to deal with this phase of the matter. This house has the right to give that committee the power to deal with this phase of the matter and that is what we are asking for at this time.

I hope hon. members of the house will give serious consideration to this matter. Let us not put it off from one decade to another. Let us not, every time it comes up for consideration, agree amongst ourselves—privately, and in some instances publicly—that this is the wrong way to do it and that next time we must do it the other way, but do nothing about it. The result is that when the next time comes around and some member rises in the house and wants to refer the matter to an independent commission, there will be some other member from Quebec South here saying, "I agree with the idea but it is too late; redistribution is on our doorstep".

We have a duty to perform, particularly because of the experience we are having in dealing with this matter at the present time. I urge the house to give most serious consideration to the amendment which I shall now propose. I therefore move, seconded by my colleague, the hon. member for Cape Breton South (Mr. Gillis):

That Bill 331 be not now read a second time but that the subject matter thereof be referred to the special committee on redistribution with instructions that they have power to consider whether the British North America Act should be amended so as to provide that the readjustment in the representation in the House of Commons to be effected following the decennial census of 1961, and each decennial census thereafter, shall be made, subject to any rules to be prescribed by parliament, by an independent commission to be established by parliament for that purpose.

Mr. Fleming: Mr. Speaker—

Mr. St. Laurent: On a point of order, Mr. Speaker, there is something I wish to say. Did the hon. member for Eglinton (Mr. Fleming) wish to speak on a point of order?

Mr. Fleming: No, not on a point of order.

Mr. St. Laurent: On a point of order, Mr. Speaker, may I say that this amendment is really designed to serve the purpose of a motion to give enlarged powers to the present select committee that is dealing with the subject matter. The subject matter has already been before the committee, and the only purpose of the motion is to enlarge the powers of that select committee. I suggest to Your Honour that this would give power to the committee to consider whether there should not be an amendment to the constitution which involves expenditure. Therefore

that is something which, if it got into the constitution, certainly would put an obligation upon the treasury to provide the funds required to implement the provision of the constitution. I would ask Your Honour to consider whether that does not bring it within the class of legislation which cannot be proceeded with without a recommendation from His Excellency the Governor General.

Mr. Knowles: With respect to the point raised by the Prime Minister, I do not know whether I can turn it up while I am on my feet but there is a citation in Beauchesne, and I believe a Speaker's ruling, to the effect that a motion for a bill which does not itself involve expenditure of money, but may involve the enactment of further legislation that would require money, is not in itself out of order as a private member's motion. There are a number of occasions when a matter is presented in that way. For example, the very bill we are debating would increase the membership of the House of Commons, but it was not regarded as a money bill and therefore it was not felt that a resolution had to precede it, because the necessary expenditure is taken care of under another act.

As a matter of fact the bill of the hon. member for Quebec South, to which we have referred, would involve, before the commission could operate, the expenditure of money; but the mere passing of that bill, by the terms of the hon. member's bill itself, does not do that.

Mr. Harris (Grey-Bruce): The bill is still out of order.

Mr. Knowles: It has not yet been ruled upon. I submit that if this motion passed and if the committee recommended that the British North America Act be amended in this way, that would not by itself involve the expenditure of money. No money would be required until later on the government had brought in a bill establishing a redistribution commission. That bill would have to specify how those expenses were to be met, and would of course have to be a bill introduced by the government, with a prior resolution.

I notice that Your Honour is perhaps trying to find the very citation to which I have been referring. Possibly we can locate it in a moment or two.

Mr. Power: Perhaps I have the very citation the hon. member for Winnipeg North Centre is referring to, Your Honour. It did come to my ears that there was a question of raising a point of order in connection with the bill standing in my name on the order paper, the same point of order which has been raised, and I was proposing to refer the subject matter to a standing committee. I find that the House of Commons *Journals* of Tuesday, March 22, 1949 at page 233, contains the following. Perhaps the hon. member for Winnipeg North Centre will tell me if this is the citation to which he refers. I read from the *Journals*:

> The house then resumed the adjourned debate on the proposed motion of Mr. Garson: That Bill No. 86, an act to amend the Continuation of Transitional Measures Act, 1947, be now read the second time, and on the proposed motion of Mr. Fleming in amendment thereto: That the said bill be not now read the second time, but that the subject matter thereof be referred to the standing committee on banking and commerce with instructions that they have power to recommend a specific measure relating to rent control and other specific measures relating respectively to other matters provided for in the said bill.
>
> Mr. Speaker: There can be no question that, on the second reading of a bill, an amendment may be made to the end that the second reading do not take place but that the subject matter thereof be referred to one of the standing committees which may be given certain instructions. But the house cannot, under the guise of referring the subject matter, refer also certain provisions of the bill itself.

I think in support of the hon. member for Winnipeg North Centre I should say that the last phrase does not apply in this instance, and that he would perhaps be in order to refer the subject matter of the bill in the same way that the hon. member for Eglinton was in order to refer the subject matter of the bill, though it did deal with matters which might in the long run have involved expenses. Specific measures relating to rent control would have involved expenses to the crown. Therefore perhaps this is the citation that my hon. friend refers to. If it is, I would say that he is in order.

Mr. Knowles: Mr. Speaker, may I confess that is not the citation I had in mind but I am glad the hon. member has given it, for it is even better than the one that I was trying to turn up and which I have now located. Your Honour, I am sure, will give serious consideration to the point raised by the hon. member for Quebec South because it deals precisely with the kind of situation that we have now. On that occasion there was a bill before the house for second reading, and the amendment was that the bill be not then read a second time but that the subject matter be referred to a committee. That is precisely what my amendment to this present bill would do.

But, Mr. Speaker, having referred to certain citations generally when I was on my feet before I feel I should also indicate what they were so no one will think I was just pulling them out of the air. At page 457 of Beauchesne's third edition there is this

headnote to a ruling by Mr. Speaker Sproule, dated January 16, 1912:

A bill, which does not involve a direct expenditure but merely confers upon the government a power for the exercise of which public money will have to be voted by parliament, is not a money bill and no resolution is necessary as a condition precedent to its introduction.

I am not bringing in a bill; but even if I were bringing in a bill in the terms of an amended British North America Act, I submit that it would be covered by the ruling made by Mr. Speaker Sproule on January 16, 1912. The bill was to amend the Inquiries Act. A point of order had been raised and, as I say, a ruling was given to that effect by the Speaker of that day.

A similar ruling appears on page 459 of Beauchesne's third edition, only this one is quite lengthy. It runs all the way from page 459 to page 467. Again the headnote reads:

A bill designed to furnish machinery, for the expenditure of a certain sum of public money to be voted subsequently by parliament, may be introduced in the house without the recommendation of the crown and without a resolution being first considered in committee.

That was what I was trying to say by way of paraphrase when I was on my feet before; that there have been these rulings in the past; these circumstances that suggest that when a bill establishes machinery for the functioning of which it may be necessary for parliament later to appropriate money, that does not make the bill itself a money bill. The same consideration would apply if a point of order were raised against the bill of the hon. member for Quebec South. Indeed, even if he did not have the subject matter thereof referred to a committee I would contend that the bill, as he has drafted it, is in order because the bill itself does not require the expenditure of money. Before it could come into operation money would have to be appropriated, but that is separate from the bill itself.

I realize it is a very important point of order that has been raised by the Prime Minister. But I feel, with the support of the hon. member for Quebec South (Mr. Power), that this motion of itself certainly does not involve the expenditure of money, but is merely referring the subject matter of a certain proposal to the special committee on redistribution for consideration by that committee.

Mr. Speaker: Are there any other members who wish to make any further representations at this time?

This is a rather difficult problem for me to decide without time for consideration. The amendment is as follows:

That Bill 331 be not now read a second time but that the subject matter thereof be referred to the special committee on redistribution with instructions that they have power to consider whether the British North America Act should be amended so as to provide that the readjustment in the representation in the House of Commons to be effected following the decennial census of 1961, and each decennial census thereafter, shall be made, subject to any rules to be prescribed by parliament, by an independent commission to be established by parliament for that purpose.

I think it is clear that the amendment in itself referring the subject matter to the committee and to consider an amendment to the British North America Act would not involve an expenditure of money. The difficulty which faces me is to determine whether a decision of the committee would be considered a direct order to this house, or to the government, to bring in legislation which would involve the expenditure of money.

Let us suppose that the committee did consider the question and, having been empowered to consider it, decided that an independent commission should be established. What effect would that decision have on the house?

Mr. Knowles: May I have a further word?

An hon. Member: Let Mr. Speaker finish.

Mr. Knowles: While you are thinking, Mr. Speaker.

Mr. Speaker: I am trying to think it out as I go along. I am prepared to hear further argument on this point. Let us suppose the committee decided that the commission should be set up; under those circumstances would the House of Commons be bound by that decision and be required to set up the commission, thus involving an expenditure of money? Could I hear the views of hon. members on this matter?

Mr. St. Laurent: I think, Mr. Speaker, you will have to decide whether the terms of the rule apply to something done by a committee empowered by the House of Commons to do it. The rule says—

—may not be presently entered upon, but shall be adjourned till such further day as the house thinks fit to appoint; and then it shall be referred to a committee of the whole house, before any resolution or vote of the house do pass thereupon.

Does the word "house" in the rule include the select committees appointed by the house to represent it, and to do a certain job? If it does, then the rule should apply. But if on the other hand Your Honour does decide that the committee does not come within

the language of the standing order, then my point of order may not be well taken.

Mr. Knowles: May I point out that committees frequently make reports to the house which are not acted upon. If a committee makes a report the government is ready to act upon, that action is taken by the government itself. Let us take as an example the very bill now before us. A draft bill, identical to the one we are now discussing, was submitted to the house by the special committee on redistribution. No question was raised in that committee as to whether or not we had a right to recommend that draft bill merely because it might involve an expenditure of money. In a sense it would, because it would increase the number of members. It would increase the number from Yukon and the Northwest Territories by one, and it also would increase the number of members from Saskatchewan from what would otherwise have been the case. Then there are extra expenses connected with the elections because of those additional seats.

But that did not make it a money bill. It did not make it something the committee did not have the power to recommend. The bill having been recommended in draft form by the special committee, and it having been acceptable to the government to go ahead with that draft bill, a similar bill, identical in form, was introduced by the Minister of Citizenship and Immigration.

In reply to Your Honour's question as to what would happen if the special committee on redistribution dealt favourably with my proposal, I submit the result would be that that committee would report back to the house an amended draft bill. Whether or not that amended draft bill would be presented to the house would depend upon the government. If it were to come before the house the minister, in turn, would have to present it. But—and I submit this is very important—even if the committee did recommend a draft bill with a provision in it to appoint a redistribution commission later on, the government would not treat it as a money bill and precede it with a resolution, any more than was done with this bill; because any expenses resulting from the bill would have to be dealt with by other measures.

Your Honour also asked what would happen if the committee recommended back to the house the establishment of a redistribution commission. That would not be the recommendation of the committee under the terms of this motion. It would be a recommendation that the British North America Act be amended in such a way as to call upon parliament to do it at a later date. So I submit any steps we would take as a result of this amendment would not be a money measure at all. Any money involved in it would have to come later.

Mr. Harris (Grey-Bruce): On the point of order, I think the hon. member for Winnipeg North Centre has abandoned the position he explained in the first instance. The intimation that any action taken in committee would not have an effect upon the house does not bear consideration, and for this reason: that if the result of the deliberations of the committee was to insert in the British North America Act a provision that the redistribution of seats in the House of Commons would be undertaken by a commission, it would then be obligatory upon the government to introduce a bill to appoint a commission. Therefore to that extent the committee would bind the house to provide funds for that purpose.

If this were not a bill amending the constitution and establishing a means of readjusting representation perhaps the situation would be otherwise. But I do suggest that if, as a result of the act of the committee and of the house, a commission were set up to do a job which is now done by parliament, inevitably there would be an expenditure of public money.

Mr. Speaker: The question which the Prime Minister (Mr. St. Laurent) has raised is an important one. He referred to standing order 60, which reads:

> If any motion be made in the house for any public aid or charge upon the people, the consideration and debate thereof may not be presently entered upon, but shall be adjourned till such further day as the house thinks fit to appoint; and then it shall be referred to a committee of the whole house, before any resolution or vote of the house do pass thereupon.

The British North America Act provides that all legislation involving the expenditure of money must be recommended for the consideration of the house by His Excellency the Governor General. In dealing with the present amendment I am faced with the problem of determining whether it would involve the expenditure of money if carried. The Prime Minister has raised the question whether the word "house" includes select committees. The Minister of Citizenship and Immigration (Mr. Harris) has said that if a recommendation by the committee would necessarily involve the expenditure of money it would be out of order, and with that I agree. But would a mere recommendation of a committee necessarily involve an expenditure?

Let us suppose that this amendment carries. The question would then be considered

by the committee as to whether an independent commission should be set up. If that independent commission were set up it would clearly involve the expenditure of money. However, does the committee set up the commission? Clearly the committee could not set up the commission. Could the committee do more than bring in a report recommending that such commission be set up? Supposing the committee did make that recommendation would the house or the government be required to act upon it. In other words would the committee's report be a direction to the government to bring in legislation involving the expenditure of money?

This is an important question and I would not like a ruling given today on such limited reflection to be considered as binding on future occasions. There is some doubt in my mind as to whether it would be a direct order to the government to bring in such legislation. The government and the house I believe could reject the recommendation of the committee. As there is some doubt in my mind—and I repeat that I do not want this ruling to be considered a binding precedent—I feel that I should allow the amendment to stand.

Hon. C. G. Power (Quebec South): Mr. Speaker, though I am only too glad to support the hon. member for Winnipeg North Centre (Mr. Knowles) in his suggestion that his amendment is in order, that does not by any means imply that I believe the amendment to be a valid and proper one in the circumstances and on its merits. May I say at once that with respect to the bill I am by no means convinced that it should pass on its merits. I am quite satisfied with the amendment to the British North America Act which was made in 1946 and I see no great necessity for the amendment now proposed.

However, with respect to the amendment moved by my hon. friend and the complimentary references he made to my efforts to have a study made to bring about a scheme or plan whereby redistribution would be made by persons outside this House of Commons, I want to say here and now that although on two occasions I have presented a bill which would have had the effect of setting up some sort of commission to prepare a general plan of redistribution it was never my intention, and it is not my intention, that that should form part of our fundamental constitution.

I believe we have reached such a stage of confusion, are in such a practical morass, have got ourselves into such a mess with respect to redistribution by amending and modifying and changing the various principles with respect to representation by population, with respect to geographic units, with respect to county boundaries that we must have a new deal. I have too much respect for the members of this house to burden them with the duty and responsibility of making that kind of new deal in connection with redistribution. However, I do not want to see us get away from the responsibility of parliament to carry out the duties which we as members have been sent here to do, the duty laid upon us by the British North America Act which says that redistribution shall be made by the parliament of Canada.

In the bill which I presented there is scarcely one section which would not require modification. I insist only on certain principles, namely, first, that we should start afresh; second, that parliament maintain its control and responsibility over the action it takes with respect to redistribution and, third, that we lay down some set of rules and regulations upon which we can base future redistributions.

With respect to some of the provisions of the bill it is quite clear to me, as it would be to anyone, that the position and status of the unfortunate civil servant whom I have nominated to be a sort of umpire between the upper millstone of Toryism and the lower millstone of Liberalism would be most unhappy. He would either be obliged to resign before the job was done or he would be fired by one or other of the parties when the job was completed. Therefore there should be at least some discussion on that section of the bill.

There are some sections which I think need to be carefully studied. There is above all a need for a brand new redistribution. The reason I think it should be taken out of the responsibility of members of the house is that it would place too heavy a burden on them. If the job were properly done it is extremely unlikely that any hon. member would be representing the same geographic unit after the job was over. I do not think members should be called upon to commit hara-kiri any more than they should be called upon to meet the importunities and pressures that would be brought upon them by local interests, by people attached to the traditions of the county and by people attached to party tradition. It is for that reason I suggest that for once anyway we ask people from outside the House of Commons to do the job. Where they will come from I am not prepared to say. Whether they are to be appointed, as I suggest in the bill, in a bi-partisan way or whether they are to be appointed in a non-partisan way makes no difference, but I do suggest that when they have made their report and have laid before parliament

a plan and scheme for redistribution, parliament in the last analysis should be the judge whether that plan and scheme is or is not a proper one.

I am convinced, and it may be only a faint hope, that if some such redistribution is made then notwithstanding local objections, notwithstanding the difficulties and the obstacles which will confront individual members of parliament, a plan of that kind presented to the people of Canada would carry such force and authority that it would be very difficult to alter or modify it in any degree.

With respect to the specific amendment of my hon. friend, I do not think he would expect me to support it. I have been too outspoken in my objection to commissions, bureaux and bureaucrats receiving delegated powers to do jobs which should be done by this assembly, this House of Commons, to now be willing to enshrine in the ark of the covenant of our constitution an omnipotent bureaucracy to do the work of redistribution which is primarily our concern. I have no objection to creating non-partisan machinery to do the job in order to give us a pattern of what we should do for the future, but I do not think we should place in the constitution of this country for all time and, as my hon. friend further says, for the next census and for the censuses to come, any provision which will free us from the responsibility which has been laid upon us.

Again with respect to this particular amendment, my hon. friend does not anticipate that it will be effective immediately. He says it needs to be effective only in the census of 1961. Why does he not join with me at the next session in an endeavour to prepare some kind of bill that will pass the house or at least be referred to a committee for discussion? With our joint efforts in the ten years to come we might achieve something. As it is now all he would get from the committee—and I would be glad to get it too, but not in the form of a constitutional amendment—would be a sort of pious hope that some day we would have a commission. I suggest that the two of us get together, hammer out a bill, endeavour to overcome the obstacle of its being out of order, and eventually convince our colleagues that that is the proper thing to do for at least once.

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

YEAS

Messrs:

Bryce	Knowles
Gillis	Noseworthy
Jones	Stewart (Winnipeg North)
Knight	Thatcher—8.

NAYS

Messrs:

Adamson	Helme
Anderson	Henry
Applewhaite	Hetland
Ashbourne	Hosking
Aylesworth	Huffman
Balcom	Hunter
Bater	James
Beaudoin	Johnston
Benidickson	Jutras
Bennett	Kickham
Black (Chateauguay-Huntingdon-Laprairie)	Kirk (Antigonish-Guysborough)
Black (Cumberland)	Kirk (Digby-Yarmouth)
Blair	Lafontaine
Blanchette	Laing
Blue	Larson
Bonnier	Leduc
Boucher	Leger
Bradley	Lennard
Breton	Macdonald (Edmonton East)
Brisson	Macdonnell (Greenwood)
Brooks	MacKenzie
Brown (Essex West)	MacLean (Cape Breton North and Victoria)
Browne (St. John's West)	MacLean (Queens)
Bruneau	MacNaught
Byrne	Macnaughton
Cameron	McCann
Campney	McCubbin
Cannon	McCusker
Carroll	McGregor
Carter	McIlraith
Catherwood	McLean (Huron-Perth)
Cavers	McLure
Claxton	McMillan
Cleaver	McWilliam
Cloutier	Major
Corry	Maltais
Cote (St. Jean-Iberville-Napierville)	Masse
Cote (Verdun-La Salle)	Mayhew
Coyle	Monette
Croll	Montgomery
Darroch	Mott
Deslieres	Murphy
Dewar	Nixon
Dickey	Nowlan
Dube	Power
Dumas	Proudfoot
Eyre	Prudham
Fair	Quelch
Fairclough, Mrs.	Ratelle
Ferguson	Richard (St. Maurice-Lafleche)
Ferrie	Robichaud
Fleming	Robinson
Fournier (Hull)	Rooney
Fraser	St. Laurent
Fulford	Schneider
Fulton	Sinclair
Gagnon	Sinnott
Garson	Smith (Moose Mountain)
Gauthier (Lake St. John)	Stick
Gauthier (Lapointe)	Stuart (Charlotte)
Gauthier (Portneuf)	Tremblay
George	Ward
Gingues	Weaver
Gour (Russell)	Weir
Gourd (Chapleau)	Welbourn
Graydon	White (Middlesex East)
Green	Whiteside
Gregg	Whitman
Harkness	Winkler
Harris (Grey-Bruce)	Wood—142.
Healy	
Hees	

Mr. Speaker: I declare the amendment lost. Is it the pleasure of the house to adopt the motion?

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

Sections 1 and 2 agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Speaker: By leave.

Mr. Fleming: By very gracious leave.

Mr. Speaker: Although I am not making a ruling, I am inclined to believe that it is not necessary to have leave. However, as I say, I am not making a ruling. I am merely letting the house know that I do not feel myself bound by any leave the house may give at this time. Does the house wish third reading now?

Some hon. Members: Now.

Mr. Harris (Grey-Bruce) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

SUPPLY

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

DEPARTMENT OF LABOUR

General administration—

187. Departmental administration, $598,070.

Mrs. Fairclough: Does the minister intend to make a statement at this time?

Hon. Milton F. Gregg (Minister of Labour): Mr. Chairman, I am entirely in the hands of the committee. I would hate to talk out my own estimates. Furthermore I should not like to take time which hon. members might want to use to make suggestions and ask questions. However, I have a fairly brief statement, if it is the wish of the committee to have it.

Hon. members will notice that the estimates for 1952-53 total just under $67,900,000. This compares with the total for last year, including supplementary votes, of almost $65 million. The total for this year represents an increase of just under $3 million. This increase is more than accounted for by increases in salary rates which were announced last December and the normal increase in the government's contribution to the unemployment insurance fund. For instance, the salary increases were $1,516,700. The increased contribution to the unemployment insurance fund, which of course is based upon the increased number of people being insured under that fund, was $1,800,000, or a total increase in the two items of $3,316,700.

In the past fiscal year the number of people employed by the Department of Labour rose from 674 to 676 and the number employed by the unemployment insurance commission fell from 7,051 to 6,885. This is an over-all reduction in staff during a period when the work load on nearly all branches continued to expand in response to public demand and in response to developments which can hardly be considered as normal. In the past year we have had to consider methods of improving both the quality and the quantity of our labour force to enable it to meet the production demands of both the present needs and the needs of an uncertain future. On the other hand it has been necessary during the past winter to deal with a fairly sizeable measure of seasonal unemployment.

I should like to mention a few of the activities which have been particularly occupying the attention of the department during this past year. Last year's expanded immigration program gave increased work to this department which co-operates closely with the Department of Citizenship and Immigration in the movement to Canada of groups of immigrants required to meet specific labour needs in the economy. During the past year the number of people brought to Canada in these organized group movements numbered 18,887, more than double the total of the previous fiscal year.

During the year the federal-provincial farm labour program continued to operate. Under agreements concluded with each province except Newfoundland, the work of recruiting, transporting and placing workers in agriculture and related industries went forward, with expenses shared between the federal and provincial governments. This present year promises to be a very active one for our people working on the farm labour program.

The vocational training branch of the department administers the Vocational Training Co-ordination Act, 1942. Under that act, in accordance with agreements concluded with the provinces, the federal government grants financial assistance to various types of approved training schools and programs. Last year over 230,000 persons were enrolled in the schools and programs to which the federal grants applied; and it is the hope of the government that this figure will be higher during the current fiscal year.

I do not think I can emphasize too strongly my belief that the future welfare and expansion of the Canadian economy is dependent in large measure upon the availability of more skilled workmen. If we are to maintain our recent rate of industrial development and if we are to be ready for whatever emergency may develop in the future, then we must do what we can to increase the number of training programs and apprentices in all parts of the country, particularly in the manufacturing industries.

With this thought in mind, a national conference on apprenticeship got together in Ottawa recently. Provincial and federal officials assembled with representatives of labour and management to consider the obstacles in the way of increasing apprenticeship, and to recommend methods of removing them. Those recommendations are now being considered by everybody concerned, and it is hoped that they will encourage and lead to uniform standards for apprenticeship in all provinces and a steady increase in the number of apprentices in training.

I should like to commend to the committee the increased amount set out in the main estimates for training; and I might say that I shall be asking for a further amount in the supplementary estimates. These days we are seeking skilled personnel outside of Canada, and we are spending some money bringing these skilled personnel to Canada. With that procedure I am heartily in accord. I think that under the careful control which is being exercised now it should go forward; but at the same time I think we should give to our own home born an opportunity, early in life, to learn skills and become part of our industrial life. Furthermore, for many of our people who are physically disabled we have undertaken active steps to fit them so they can work. For them and for fit workers, lack of skill is a handicap which we hope to help overcome.

Our industrial relations branch is one about which the committee and the public do not hear a great deal. But if our industrial relations branch does not get into the public news or into the headlines, I feel that is no reason why it should be thought that it is not doing its duty. It has three functions. One is to minimize the incidence and the effects of industrial disputes within the industries under federal jurisdiction. Another is to stimulate interest in the importance of increasing productivity by promoting the formation of labour-management production committees in industrial plants throughout the country. I should like tonight to pay tribute to the staff of my department charged with this work of conciliation and of improving industrial relations. They have an exceedingly difficult task. More and more the stress is placed upon helping to create a climate in which industrial peace may flourish rather than waiting for the dispute to break out into strife and then hoping to make some spectacular conciliation. The defence program and the means of achieving maximum production placed a very heavy burden upon this branch. In addition, of course, the sharp increase in the number of government contracts awarded as a result of the defence program has meant a heavy increase in the work of administering the fair wages policy which is part of the work of this branch, the Fair Wages and Hours of Labour Act of 1935 and other orders related thereto.

Hon. members will recall the national conference on rehabilitating the physically handicapped which was held in the city of Toronto in February, 1952. From that conference came a request for federal assistance to help co-ordinate the activities of the various agencies which provide rehabilitation services. During the past year, in order to get this work on co-ordination under way, my colleagues the Minister of National Health and Welfare, the Minister of Veterans Affairs and myself have worked very closely together. A national advisory committee was appointed and held its first meeting here just a few weeks ago. This new undertaking is a worthy one, and I sincerely hope it will provide new opportunities for work and useful living to disabled Canadians who have no rights under either veterans benefits or the workmen's compensation benefits within the provinces.

Just recently, within the last two weeks, the committee of the government that I have spoken of, the ministers of national health and welfare, of veterans affairs and of labour, acting on behalf of the government, have been fortunate in being able to procure the services of Mr. Ian Campbell as co-ordinator for this work, carrying out the co-ordination of voluntary agencies, supporting their effort, which I think is a very important phase of the work, along with the provincial governments, municipal governments where applicable and the federal departments that I have mentioned; and I am sure all hon. members, many of whom have spoken about this matter in relation to measures that were going through the house, will wish this effort the greatest possible success. Mr. Campbell, I might interject, had very effective experience in the organization and development of the rehabilitation work under the workmen's compensation act of Ontario.

The publication of the *Labour Gazette,* the provision of information for the public on such subjects as seasonal unemployment and the employment problems of older workers, the valuable research work done by the legislation branch and the economics and research branch, the administration of the annuities act and the Government Employees Compensation Act, the international work of the ILO, the excellent contributions made by advisory bodies including the national advisory council on manpower, are all matters which I shall be glad to go fully into when the items are up in my estimates.

I shall turn for a moment to the unemployment insurance commission. Since we have a bill before the house on which that will be discussed I shall try not to overlap tonight in my comment on it. The three man commission which is responsible for administration of the Unemployment Insurance Act is representative of employer and employee organizations, with a chief commissioner acting as chairman. The two operating branches of the commission's country-wide organization deal with employment and insurance respectively and in that order of importance. I do not think we should look upon the insurance feature as having a high priority. Only after all efforts toward employment have failed does insurance come into the picture.

At the close of the last fiscal year the commission was operating 262 offices in Canada. These were located at key points in every province with a view to giving efficient service to the public. Five regional offices are located at Moncton, taking care of the four Atlantic provinces; Montreal, taking care of the entire province of Quebec; Toronto, taking care of the province of Ontario, less the western end of that province, west of the twin cities; the prairie region, with headquarters at Winnipeg in charge of the prairies and running up to the north pole through the Northwest Territories and including a little slice of British Columbia in the northeast corner east of the Rockies, and at Vancouver in charge of all of the remaining part of British Columbia and the Yukon.

First, the employment field during the last fiscal year: in that period local employment offices received some 2¼ million applications from persons seeking employment, while employers registered 1¼ million vacancies. It is of course unnecessary to state that some of these 2¼ million applicants for jobs may have been the same person repeating in some instances. Hon. members will appreciate that suitable work is not always available for unemployed persons, nor are suitable workers always available for jobs which employers have to offer in that particular place. Nevertheless the national employment service was successful in effecting 926,000 placements, which represented some 75 per cent of the total jobs registered. Applications for employment were up 10·4 per cent from the previous year; vacancies registered by employers were up 5·7 per cent, while placements were up 9·3 per cent.

I think it would be of interest to mention that included in the total placement figures of the employment service were some 106,400 placements of veterans; also that 37,000 placements were effected by transferring workers from one part of the country to the other for certain types of seasonal work.

The fiscal year opened with some apprehension as to the labour supply required to meet the defence program. The civilian economy was operating at a very high level. Demands for the defence program turned out to be less than had been anticipated, and except for certain highly skilled occupations no real shortages developed even during the heavy employment summer months. With the usual seasonal slackening of employment toward the winter, together with a heavy flow of immigration during the late months of 1951, a situation developed where there were considerably more workers available than there were jobs. A peak of unemployment was reached this year on April 3. It may be interesting to compare this year with the last two years. The peak in 1950 was on April 6 at 434,323. The low that year was September 28, at 133,074. The peak in 1951 was February 8 with 303,666, which was relatively low for a high point of seasonal unemployment. The low of 1951 came on August 30 with 127,136. This year the peak came on April 3, as I said a moment ago, with 385,008, and the medium on May 22, which is the last figure I have, and which might be called something of a medium period, when it stood at 242,508.

These figures will give the house some idea of the extent of the commission's operations in the employment field. In addition to what is generally regarded as the function of an employment service—that is, finding workers for employers and jobs for workers—the national employment service by the clearance system now in effect can enable an employer in one part of Canada quite often to obtain the services of rare types of workers from some distant part of the country, and with some time lag it has been possible to fill individual needs through immigration resources. Without going into detail on the matter as to how it is worked out, I can tell the committee that the system has, in my opinion, produced quite good results.

The commission has special facilities for counselling and placing handicapped persons who might otherwise be unable to obtain employment. It will be noted that under the work of the Department of Labour proper, which I mentioned a moment ago, I indicated that part of this task in connection with handicapped persons must be carried out in the field of training. Very intimately related to that is the task of placement which, of course, with us comes under the national employment service. But I can tell the committee that those efforts are very closely co-ordinated, not only in Ottawa but in the regional offices.

During the calendar year 1951 the figures disclose that 14,344 jobs were found for physically handicapped persons in Canada by local offices of the commission. This represents an increase of more than 3,300 placements over the 1950 figures. This branch also furnishes special facilities for counselling and placing young people who never worked before, as well as older workers who find it difficult to get jobs. Co-operation is being given the other interested departments in connection with the new national committee which has been established for the purpose of assisting in the rehabilitation of disabled persons.

A division of the employment branch of the commission devotes itself particularly to dealing with problems connected with women's employment. More than 265,000 women were placed in employment by the commission during the last fiscal year. This is an increase of 7·5 per cent over placements made in the previous year. The placement of women immigrants to Canada has constituted one of the responsibilities of this portion of the commission's work. Nearly 3,000 women entered Canada during the fiscal year as domestic workers.

The employment services, together with the Department of Labour, co-operate in the closest possible harmony with the Department of Citizenship and Immigration in the reception of immigrants at the airports, and their placement.

The government has introduced an amendment to the act. I shall not go into the phase of the matter dealing with the fund itself, because that can be discussed later. I should like however to mention that provision was made in November 1950 to enable veterans of Canada's special forces to count their service toward the payment of benefits if unemployed after honourable discharge, in very much the same way as the veterans of 1945. During 1951 this arrangement was extended to veterans of Canada's regular forces who enlisted after July 5, 1950, and who are discharged within three years of their enlistment date.

The cost of administering the unemployment insurance program is not charged against the unemployment insurance fund. It is paid out of the general revenues of Canada. Administration costs for the fiscal year ended March 31 last totalled $23,519,567 as compared with $21,904,809 in the previous fiscal year. The increase is due almost entirely to increased salaries and wages of the staff. At the close of the last fiscal year the total regular staff of the commission stood at 6,885 in comparison with 7,051 at March 31, 1951. In addition there were 1,262 casual employees on strength. These were assisting in meeting the very heavy claims load remaining toward the end of the usual winter peak period. They were also working in connection with the annual renewal of unemployment insurance books.

I hope what I have said will give the committee some very general and perhaps patchy information about the work of the department and of the commission. I shall be glad to furnish any more detailed information that I can, as the discussion on the estimates proceeds.

Mrs. Fairclough: Mr. Chairman, I should like to thank the minister for his statement, although I was not able to grasp immediately the significance of all of it. I shall read it in *Hansard,* and perhaps I shall have comment to make at some later time. At this stage I do not propose to make any remarks about unemployment insurance or its administration because, as the minister said, an amending bill will be before the house for consideration within a few days. With the opportunity then afforded, and that offered in the discussion of the items in the estimates, I believe we will be able to ask any questions we may wish concerning the commission.

I cannot refrain from saying that the minister's statement that 265,000 women were placed during the past year supports the plea I have made in the house on former occasions that the personnel of the commission should be enlarged by the addition of a woman commissioner. I believe there is very definitely work for her to do on the commission. The fact that so many of the insured persons and so many of the applicants are women would support my contention that a woman should be on the commission, one who has had experience in the field of female labour and who will understand the problems with which women are confronted in the various types of work in which they are engaged in Canada.

For a short time this evening I would direct the attention of the committee to some general items which, I believe, can be dis-

cussed under the heading of activities of the national advisory council on manpower. I noticed that in reply to a question asked a short time ago by the hon. member for Broadview the minister said that the last meeting of the council was held on February 26. In the light of that fact it is interesting to note that in the estimates the amount requested for the activities of this council has been practically doubled, and the staff has been increased. This leads me to ask whether or not the council has a definite plan upon which to work, or whether it is merely meeting to hear reports prepared by officials of the department.

I noticed in a recent issue of the *Labour Gazette* that a new member, in the person of Mr. J. C. Armer, president of the Canadian industrial preparedness association, has been named to the council. I think that is all to the good. People well qualified to review the activities of the department and to inquire into conditions of labour generally in Canada from time to time should be invited to participate in the activities of the council. I should like to say, however, that I believe we are passing up a great opportunity if we permit this council, formed I believe with the idea that it was to meet at regular intervals and make recommendations to the Department of Labour, to fall into disuse and become merely another name in the records of the department.

Many things in the labour field should be looked into, some of which the minister mentioned tonight. At this time I would make special reference, first, to the matter of vocational training. I see the vote is slightly increased. I believe the provinces should be called into closer co-operation to provide specialized training for those capable of absorbing it. Many of our people are capable of receiving training in addition to what it has been their privilege to obtain in the schools or vocational institutions in the ordinary course of events, paid for by their own families or their own efforts. One class in particular I am thinking of, and I know this from personal knowledge, is stenographic help. I think the minister knows that there is a great shortage of stenographers. When one attempts to fill a staff in an office he is confronted with the glaring inadequacy of the supply. Yet many of the young women applying for work at the employment offices are capable of taking further training to fit themselves for these positions.

I know that this cannot be done overnight because it takes a while to train for this work, but some of the young women who through circumstances have been forced to leave school and take positions in factories, as sales clerks or at various types of clerical work which do not require any preliminary training are quite capable of assimilating this type of training. This is just one example which I mention. I urge upon the minister that schedule M of the dominion-provincial training agreement be implemented to make provision for this type of training for those who are capable of taking it.

I think the whole rehabilitation program should be based upon the needs of the labour market. Vocational training could then be employed to make available the type of worker required as disclosed by a survey of the positions which remain unfilled for any length of time. I do not know how far the department has gone in this regard, and perhaps when the minister speaks again he will tell us what plans they have under way. I think this problem is one which could well be taken under consideration by organizations such as the national advisory council, which in turn could set up a committee to inquire into the matter.

I know there are groups throughout the country engaged in welfare and social work who have studied this problem. In my own city I know the Canadian welfare council and the council of social agencies have joined together with the Canadian Congress of Labour and the Trades and Labour Congress of Canada to study this question and prepare recommendations to be presented to the Department of Labour. I commend them for the interest they have taken in the matter. I feel that when voluntary organizations are willing to spend time and effort to promote the interests of the working men and women of this country the Department of Labour should pick it up from there and accelerate this whole program.

There is another problem which causes me grave concern. I know I am not alone in this because the publications of the country are filled with articles by various individuals interested in sociology and labour conditions who express like concern over the problem of the older worker. I was interested to note that in the brief presented by the Canadian Congress of Labour to the government on March 27 this problem was dealt with. I should like to quote a couple of sentences in that brief which I think pretty well express the general concern which is being felt:

> It is becoming more and more difficult for workers over forty years of age to obtain employment in either public service or private industry. The life expectancy of Canadian citizens is increasing, and it is becoming highly important that employment should be available for workers, at least up to the age of 65. We strongly urge the government to set an example to private industry by raising the age limits on new employees who are otherwise qualified, and that the Department of Labour continue its efforts in this regard.

I am sure I am not saying anything new to this house when I say that a popular topic of conversation and basis for study these days is the increased life expectancy of our citizens. I feel sure we all agree that credit must be given to many departments of health and voluntary organizations for the work they have done on a paid and voluntary basis among their fellow human beings. However, the impact of this fact on society in general and on the economy of the nation is now being felt.

I was interested to note that A. R. Mosher, a leading union man in Canada, has written two interesting articles which appeared in the *Canadian Unionist* which are well worth the perusal and study of hon. members. At this time I intend to quote only a few words of what he said. Dealing with this problem and having noted the increased life expectancy of most citizens, he said:

> Within the next eight years Canada will have one and one-half million persons 65 years of age and over, or one-tenth of the population.

This is a sharp increase over the figures of a few years ago, and I suppose it would be reasonable to assume that as time goes on even this estimate may be surpassed. Speaking on this matter a year ago, with particular reference to unemployed employables, I said:

> Then there are those who are over—and I think I would be safe in saying this—45 years of age who are not particularly acceptable in many industries today, through no fault of their own. As workers they are just as good as, if not better than, some of the younger people. But I am sure hon. members of this committee know full well why they are not acceptable. It is true enough that some of the difficulty is the fault of the workers themselves who have from time to time insisted upon protection; and insurance companies being what they are, being dependent upon actuarial balances and wishing to establish themselves firmly, find that it is impossible to take older men into their insurance schemes.
>
> I do not know where the fault lies, Mr. Chairman. It is a vicious circle. Certainly the men are right in seeking to protect themselves in their older years. But certainly it is also true that those who are financing these schemes and who feel that they must establish this insurance on an actuarially sound basis cannot be criticized for protecting the very contributions of the men who are paying into the fund. That is only right and proper; but it places the older man in a particularly bad position, when he is thrown out of one job, probably through no fault of his own, and is forced to seek employment elsewhere. More often than not, that particular man finds that he is a drifter in the productive world. He takes a job where he can get one when workers are so much in demand that employers will take anyone; then when the labour force catches up with the demand, he is out again. Consequently from that time on he has no continuity of employment and no hope of establishing himself for his old age.

I have purposely repeated those words which I spoke in this debate a year ago because I feel they are still very true. The situation is probably becoming more of a problem as time goes on. Mr. Mosher also comments in this same vein when he says in his article in the *Canadian Unionist* of May:

> There is another aspect of this problem, namely, the refusal of government and industry to give employment to workers even in their forties. If anyone over 45 loses his employment, he finds it increasingly difficult to become re-employed, and ironically, this practice is partly due to the adoption of pension plans.

It will probably be clear now why I wanted to read what I said a year ago because no less a person than Mr. Mosher agrees with me, or I agree with him. In any event, we are in agreement. Mr. Mosher goes on to say:

> Older workers who are taken on by a new employer are ordinarily unable to make sufficient contributions to a pension plan to provide for retirement at sixty-five. What we are faced with, therefore, is not only the failure of government and industry to make the fullest use of the available manpower in the middle age group, but a stringent requirement that no one shall be permitted to retain any gainful employment after he reaches 65.

He makes a very good point, too, when he says a little later in the same article:

> It is noteworthy that, while industry and government lay down a fixed retiring age of 65, persons who are self-employed, running a corner grocery, a bookstore, or a cigar stand may continue to earn a good livelihood and manage their affairs efficiently even in their eighties. The same observation applies to farmers, who are usually quite capable of operating their farms, from an administrative standpoint, at least, until they reach an advanced age.

I am sure there is not a member of the house who has not within his personal acquaintance someone who at an advanced age is doing an excellent job of earning a living for himself. Because a person passes a certain age in life does not mean that his capabilities are necessarily impaired. True, there are many who suffer from various conditions of impairment of faculties, but on the other hand there are some who, while they may suffer from physical disabilities, retain a bright intellect to the end of their days. There are others who, while such faculties as sight and hearing may be slightly impaired, are still capable of undertaking heavy jobs of work which require great strength.

Therefore one cannot lay down a hard and fast rule for any group of workers, and I believe with Mr. Mosher that this a problem which we must face and to which we should be giving considerable study at this time. In the May issue of the *Labour Gazette* there is an article which tells of conditions within the United States. The heading is, "Fewer men over 45 now working in United States." The article reads:

> In spite of the increased employment in the first half of 1951, the proportion of men 45 and over in the United States labour force was lower than it was in April, 1945, according to a report just issued by the bureau of labour statistics. Women 45 and

over, however, had regained by April, 1950, the high rate of participation they reached during the second world war.

An hon. Member: There are no women over 45.

Mrs. Fairclough: Someone at the back says that there are no women over 45. The article continues:

These recent changes continue long time trends. The percentage of men 45 and over who were in the labour force declined from 84 per cent to 75 per cent between 1900 and 1950. Of all women 45 and over, however, 22 per cent were working in 1950 as compared with 12 per cent in 1900.

In my opinion, Mr. Chairman, all this adds up to a major social and economic problem with two distinct phases. The first is the procurement of employment for the over 40 group who find it difficult to re-enter the labour field, and the second is the advisability of keeping workers in gainful employment even beyond the retirement age of 60 or 65 years where they are able and willing to carry on. This latter phase has its own particular and peculiar circumstances of course, not the least of which is the health of the worker and the extent to which his faculties may be impaired by age. As I said previously, these vary very widely in different occupational groups. The very fact that there is such a variation commends the problem more and more to the study of a department of government which will conduct not just cursory but very deep research into a problem which to my mind is becoming more and more pressing as time goes on.

The minister touched on the volume of unemployment that had developed this year, as I did when we were on the resolution stage of the amendments to the Unemployment Insurance Act last week. This volume, which reached heights unheard of just a few years ago, coupled with the late date of the peak of unemployment, some two months later than usual, should in my estimation serve as a warning to us. It should serve as a warning to the Department of Labour, to the government and to the people of Canada who cannot bury their heads in the sand and continue to ignore the responsibility which rests upon them to look into the future and prepare for what undoubtedly will come at some time.

It is not for us to say when that might be because, of course, the international situation will have a bearing upon it. The other day I noticed that Mr. David A. Morse, director general of the international labour organization, had made some thought-provoking remarks in his annual report. Remarking on conditions which have resulted from rearmament and other elements, he said:

It is not too early to urge that serious and responsible thought be devoted over the next two years to ensuring that when expenditure on rearmament is reduced the result will be not a cruel return of mass unemployment but an expansion of economic development and a raising of living standards.

I submit we might well take at least a part of that to heart and have in readiness planned programs without waiting until a shocking degree of unemployment has developed which will make it difficult to put any program into effect. We have seen that happen in the past. We have seen unemployment roll up so that it was impossible to catch up with it. We have seen panic develop which frustrated any attempt on the part of the people of this country and the government to stop its progress, and we have all suffered therefrom. We hope that will never happen again, but only by planning can we hope to avert it. I do not necessarily mean that plans which are made now should be those which are immediately to be put into effect; but I feel that the department should be making its plans well in advance, and I can think of no body which is more capable of inquiring into this matter and directing the necessary research than the advisory council.

In my estimation delay means not only a loss to the individual worker; it also means distress to the community and economic pressure on the business, particularly small business, of the nation which has too often in the past resulted in the failure and bankruptcy of those who contribute a substantial part of the tax revenue which is so urgently needed to keep this nation solvent. It is a vicious circle. When the worker is without funds the storekeeper goes broke. When the worker is without funds it is the small businessman in his community who supports him until such time as he is employed again.

To jeopardize the solvency of business generally is indeed to kill the goose which lays the golden egg. Therefore in these remarks on the estimates I urge the minister to give more work to the national advisory council and to put in their hands the necessary instructions to carry on the required research to make sure we will have an even and uninterrupted flow of employment for our workers.

Mr. Byrne: Perhaps I am a little overconfident in following the hon. member for Hamilton West, because I have temporarily moved to the front benches. I had previously prepared a speech to be delivered on the estimates of this department in which I had hoped to cover a number of questions. The time at the disposal of the house for consideration of these matters is running out, so I have decided not to raise all these questions. However, the subject broached by the hon. member for Hamilton West concerning

retirement at the age of 65 is one which I believe should receive the serious consideration of this house. Some time ago in negotiating a contract with a large mining company I was put in the position of having to agree to a clause calling for retirement at the age of 65, regardless of whether the employee had been in a position to accumulate sufficient capital to enable him to carry on his normal life.

We find that a man who is asked to retire at 65 or within a range of five years, even if he did have a job during the hungry thirties, was unable to accumulate any capital, and in many cases he was without any employment whatever. In the majority of cases such a man was unable to establish himself with any company or in any governmental position which would provide him with a pension upon retirement. He is, therefore, in the position of being turned out in the cold, so to speak, without any regard for his financial capacity to look after himself. It is true that statistics prove that the life expectancy of both men and women is increasing from year to year. If it is established that an employee must retire at 65, then we can assume that within the next 15 or 20 years we are going to have a large number of people entirely dependent upon those who are working, and there will be a large number of people removed from the ranks of the employables. Every person who is in a position to work, and who is willing to work, adds to the total wealth of the nation, not really the wealth of the nation but the capital of the nation since wealth is not measured by the number of workmen or the number of machines.

Everyone who is put in the ranks of the unemployed means a greater burden on those who are employed, and a greater burden on those who still have family responsibilities, yet many of these people who are 65 are ready and willing to continue in employment. Who is the first offender in this regard? I think it would be fair to say that the civil service commission take the lead in this respect when they require a person to be retired at 65. Within the last several years we have had the experience of seeing the capable heads of various departments go on the retired list. Whether or not that is economic does not seem to be the concern of the government. It seems to be done to fit an actuarial pattern that has been drawn up for pension purposes. I do not think we should be drawn too far into actuarial considerations in looking at the social requirements of the day, or we may find ourselves in the position of carrying a very heavy load. If the civil service commission, or the government which directs it, were to take a more lenient view of this question, it would be of some help. If it is necessary to pay a subsidy to bring the actuarial picture into focus, then let that be done.

The same considerations apply to industry, which complains that the various pension plans are drawn up on the basis of retirement at 65. Would it not be wiser to allow those who have not been in a position to provide for their old age—I know there are many because as a union man I have had many coming to me complaining of my signature on an agreement which said they must be stricken from the payroll at 65—to come to some agreement whereby a person could retire at 65 or earlier if he so desired and had made the necessary arrangements for that retirement? Many of these people tell me that on the day they were removed from the payroll of the company with whom they were established they were immediately in the position of having to seek other employment.

It does not seem fair to simply say that a person has reached the age of 65, is no longer of use to the organization, and must be shelved. As I say, I have been forced to agree to such a clause in an agreement because, to all intents and purposes, the remainder of the agreement has been an excellent working arrangement. This clause was put in as part and parcel of that agreement. It was on that basis that it was necessary to conform with those requests. One of the arguments which is adduced is that, while it is true that some people can carry on over the age of 65, others are unable to do so and are a burden on industry if they continue to work.

Some hon. Members: Eleven o'clock.

Mr. Byrne: That may be true; but on the other hand those people could be pensioned off or be given other consideration for social service.

Mr. Graydon: Eleven o'clock. The hon. member will have to get overtime.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will consider the estimates of the following departments: labour, fisheries, mines and technical surveys.

Mr. Knowles: And public works?

Mr. Fournier (Hull): And, if we have time, public works.

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

HOUSE OF COMMONS

Friday, June 13, 1952

The house met at three o'clock.

IMMIGRATION

APPOINTMENT OF SPECIAL COMMITTEE

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

That the following members comprise the special committee on immigration as provided for in the resolution adopted by this house on June 10, 1952: Messrs. Ashbourne, Balcer, Bourget, Brown (Essex West), Byrne, Carroll, Churchill, Coyle, Crestohl, Croll, Decore, Fleming, Fulton, Garland, Gauthier (Lake St. John), Gauthier (Portneuf), Harris (Grey-Bruce), Harrison, Helme, Henry, Kirk (Digby-Yarmouth), Lafontaine, McGregor, McLean (Huron-Perth), Murray (Cariboo), Riley, Shaw, Smith (Moose Mountain), Stewart (Winnipeg North), Thatcher, Weaver, White (Middlesex East), Whitman, Winkler, Wylie.

Motion agreed to.

BUSINESS OF THE HOUSE

MORNING SITTINGS ON AND AFTER JUNE 16

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

That on and after Monday, June 16, 1952, until the end of the present session, the house shall meet at 11 o'clock in the morning of each sitting day, and that in addition to the usual intermission at 6 o'clock p.m., there shall also be an intermission every day from 1 to 3 o'clock p.m.

Motion agreed to.

INCOME TAX

PROFESSIONAL ENGINEERS—DEDUCTIONS FOR ASSOCIATION FEES

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): Yesterday the hon. member for Hamilton West (Mrs. Fairclough) asked a question to which I promised to give an answer today. She asked whether it is true that the income tax branch is refusing to permit deductions for tax purposes by professional engineers engaged in the public service in respect of fees they pay to professional associations. The answer is that in applying the provisions of sections 5 and 11 (10) of the Income Tax Act, the taxation division may only allow as a deduction for tax purposes the fees paid to professional associations by professional engineers engaged in the public service if it is shown that the payment was necessary to maintain a professional status recognized by statute that such engineer was required by his contract of employment to maintain.

Mr. Knowles: May I ask the minister whether he has discussed with his colleague, the Minister of Finance, the possibility of having the act amended to cover the group referred to in the statement that the minister just made? Would it not be desirable to carry out what was the intent of that legislation when it was brought in?

Mr. McCann: Mr. Speaker, this is a matter which has been discussed by Colonel Medland, who is executive director of the engineering profession in Ontario. It has been discussed by him personally with the Minister of Finance, and there has also been considerable correspondence with this gentleman with respect to the matter. I am informed the Minister of Finance said that a decision as to whether or not there should be a change at a subsequent session of parliament would be given consideration.

Mr. Knowles: That is a little better.

Mr. Adamson: Is that the Engineering Institute of Canada or the Ontario Association of Professional Engineers?

Mr. Abbott: The Ontario association.

COMMONWEALTH CONFERENCE

INQUIRY AS TO INVITATION TO CANADIAN GOVERNMENT

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I wish to direct a question to the Minister of Finance. Has the government received an invitation from the British government to a commonwealth meeting of finance ministers for this fall? If so, are matters of trade and economic development to be discussed at such a conference? Will the Canadian government consider recommending that these matters should be discussed when and if that conference is convened?

Hon. Douglas Abbott (Minister of Finance): I have received no information yet as to another meeting of commonwealth finance ministers. I think I can say that if such an invitation is extended, as usual Canada will be very happy to take part in the conference, and I would imagine that the agenda of the conference will be suggested when the invitation is sent out.

Inquiries of the Ministry

KOREA

TRUCE TALKS—QUESTION AS TO REPLACING MILITARY BY CIVIL NEGOTIATORS

On the orders of the day:

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, yesterday the hon. member for Rosetown-Biggar (Mr. Coldwell) asked a question about the Korean armistice negotiations, to which I shall now reply.

There is no foundation to the suggestion that the negotiators for the United Nations command may withdraw from the truce talks. The negotiators for the United Nations command have put forward a package proposal for the solution of outstanding differences over the armistice. The communist negotiators have subjected the United States officers who are acting for the United Nations command to considerable abuse to serve the ends of their own propaganda and the United Nations negotiators have therefore recently taken the reasonable position that the main sessions might well be recessed from time to time until the communists are ready to make proposals which are constructive, not merely abusive.

Nevertheless it is the view of the Canadian government, and this is shared by other governments concerned, that if the armistice talks are finally broken off, that should be clearly the responsibility of the communists. In saying this I do not mean to suggest that we are not conscious of the gravity of the situation in Korea because of the build-up of communist military forces in recent months.

The negotiation of a military armistice has, by agreement, been entrusted to military officers on both sides. In accordance with the general outline of a plan for settling the Korean war contained in the supplementary report of the cease-fire group which was approved by the political committee of the general assembly of the United Nations on January 13, 1951, political discussions as such are not to be held until an armistice has been arranged and the fighting has ceased. I admit that the political content of these armistice discussions has now become significant. Whether, however, the machinery on the United Nations side for conducting them should be modified, or whether, indeed, an effort should be made to move the discussions from Korea itself, is another question on which I would not wish to express any opinion at this time.

Mr. Coldwell: May I ask this supplementary question: I notice that Right Hon. Mr. Eden is to issue a white paper regarding the position in South Korea, particularly with regard to the activities of Mr. Syngman Rhee. Would the minister inform us as to the views of the Canadian government in regard to these matters. He need not do so today, necessarily.

Mr. Pearson: This question has come up in the house in recent weeks. The Prime Minister (Mr. St. Laurent) made an interim statement with regard to it the other day, and suggested that a further statement might be made by me. I should think that possibly the best time for me to do that would be when we are considering the estimates of the Department of External Affairs, which will probably be some time toward the end of next week.

Mr. Coldwell: That will be satisfactory.

DOMINION SUCCESSION DUTY ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. Douglas Abbott (Minister of Finance) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 208, to amend the Dominion Succession Duty Act.

He said: Mr. Speaker, perhaps I should explain that both these amendments were made with my concurrence. One is in one of the loophole sections in the act, and is to clarify what would seem to have been a drafting error in the section as passed by the House of Commons. The second amendment made by the Senate is to substitute the words "for a consideration" for the words "at a value" as they appear in the bill as originally enacted here. Both these amendments are entirely satisfactory, so far as I am concerned.

Motion agreed to, amendments read the second time and concurred in.

SUPPLY

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

DEPARTMENT OF LABOUR

187. Departmental administration, $598,070.

Mr. Byrne: Mr. Chairman, when the committee rose last night I was discussing the problem of the 65-year-old people who, through no fault of their own, have been forced to retire on inadequate pensions, and in many cases without any pension whatsoever. Then there is the related problem concerning those people who, having reached the age of 35 without having established themselves in permanent employment, find they are not eligible for most of the positions in the larger industries where permanent employment could be had, or in various governmental departments.

It is my view that the government could lead the way in this regard by permitting those who are qualified to take civil service examinations, regardless of age, provided always that they are suitable for the positions offered. Only those who have had service with branches of the armed forces are eligible after reaching the age of 35. Then, in industry the unskilled workman, if he is over that age, finds that his position is prejudiced. If he is skilled he may find that in some industries he may obtain permanent employment. I believe the government should take the lead in finding a solution to this problem. The national advisory council in the Department of Labour, which was set up two years ago, could study the matter. Failing that, I suggest the committee on industrial relations might be given the task.

I have one further point to bring to the attention of the minister, although it may not deal specifically with his department. It has direct reference to the productive capacity of the nation, and I feel that representations made by the minister to the Minister of Finance might be influential in bringing about a solution to this problem, which I discussed on another occasion.

During the debate on the budget last year I made reference to the necessity for tax relief in respect of earnings made through an incentive system in excess of regular pay. As recently as yesterday the Minister of Finance agreed that the answer to our heavy taxation problem, and to the maintenance of our standard of living, lies in the productive effort of the nation. Many industries have adopted the incentive system. I am not one who will say I believe that employees are not turning in a fair day's work for a fair day's pay. It is realized that many labour unions are in complete agreement with the idea of an incentive system.

When incentive systems have been established it has been found that over-all production has been increased as much as 30 to 50 per cent, not necessarily because of harder work by the workers but because there has been a better adaptation of the facilities at hand, and the initiative of the various workmen has thus been increased. In some cases the increased production and earnings has been as high as 100 per cent.

However, we find that when a workman increases his production with a consequent increase in his earnings, the income tax takes a large portion of those extra earnings thereby defeating the very purpose for which the incentive system was established. The Department of Finance has established an incentive system in connection with the investment of capital because there is no tax on capital gains. It is felt that a capital gains tax would curtail capital expansion, which no doubt is true, and apparently it has been thought inadvisable to increase the tax on corporations.

I feel that labour should be considered a partner in industry who is willing to invest the excess of labour over the normal amount required. That being so, labour should be treated similarly to the way capital is treated.

Those are the two problems I wished to raise. They may not be completely related, but they are related because of the necessity of increased production not only to provide for the war effort we are presently putting forth but to ensure the financing of our very extensive social program.

Mr. Gillis: Mr. Chairman, I feel that the Minister of Labour would think me remiss in my duty if I did not say something on this first item in his estimates. I want to assure him that I am not going to be critical of what has been done by his department as I am more concerned about the things that have not been done but which I think should be done. I make these suggestions so that the minister, his genial parliamentary assistant and others in the department may read them. If they consider they have merit then I know something may be done about them in the future.

I have always considered the Department of Labour to be one of the most important departments of government. That department has serious and broad responsibilities. For example, they must handle the whole manpower problem so that national defence may get sufficient people for the different services and so that the Department of Defence Production may have the required technical personnel and general labour. They also have a lot to do with the Department of Agriculture because when harvesting time rolls around it is the responsibility of the Department of Labour to find the necessary labour to get in the harvest.

While many members in the house and many people outside the house look upon the Department of Labour as being a department that simply looks after strikes, disputes and so forth, actually this department plans many of the activities of the other departments, with the possible exception of the Department of Finance. I suppose the financial people are careful that you do not get into their realm to any extent.

In dealing with the ramifications and the responsibilities of the Department of Labour I must say that I am not completely satisfied with the job which has been done in one

or two fields. I am not satisfied with the job the manpower committee is doing. When that committee was set up about two years ago I said that I did not think it was broad enough because its personnel was being selected largely from the ivory towers of Ottawa. If that committee was to be realistic and in a position to make an appraisal of the manpower problems facing industry across the country, industrial councils should have been set up formed of representatives of the major industries in the country, of men who could talk from the standpoint of industry, who had personal contact with the workers in that particular industry. Those men could meet with the Department of Labour and discuss a particular industry from personal knowledge and be able to guide the department in its labour problems as well as the vocational training program.

I notice that the cost of running this committee last year was $57,000, but an amount of around $107,000 is being asked for this year. I realize that most of this money is required for clerical work, publications and so forth, but it is almost double the previous vote. Apparently the personnel of the committee is exactly as it was when it was formed.

I leave that point with the committee. If you are going to get in touch with those who really represent the workers in industry across the country you must have on that committee those who are closer to the problem than the present members. I am not saying anything about their personal qualifications but I do submit that it is necessary to have on that committee those who are more closely associated with industry and the people employed therein.

My second point is that I am not completely satisfied with the vocational training program because it has not produced very much. The estimates indicate that last year we spent approximately $8,700,000 to bring people to this country, many of them being farm labour. The minister indicated in his statement last night that we have had to bring in skilled labour, and will still have to bring them in. That adds up to the fact that our vocational training or apprenticeship plans have not been pushed as realistically as they should have been.

I have in my hand a press clipping dealing with this subject. It is dated May 24 and refers to the fact that the Department of Labour had convened a representative gathering in Ottawa on that date. The purpose of the gathering was to bring people together from the unions and industry to ascertain if there was not some way that the apprenticeship program to train personnel for industry could be stepped up. I do not know what happened, but the statement indicates that industry will not sponsor such a program; the unions do not encourage it and it is difficult to interest apprentices. The statement indicates that actually nothing was done. Ideas were exchanged but nothing concrete came out of the conference and it was indicated that the benefits, if any, would not be noticeable for at least a year.

I do not think that is good enough. I do not think we are going to find a solution to the problem of securing more apprentices in conferences at Ottawa. I do not think we are going to find it through spending $8 million odd to bring people into the country. We are stuck so far as the skilled trades are concerned because over the years we have neglected to push the necessary vocational training program. I am not trying to saddle the present administration of the Department of Labour with the problem because it has been neglected for a long time. It is one that is not going to be overcome overnight but a start must be made.

To begin with, the matter of vocational training is a provincial responsibility. In the first place the provincial governments have to be sold the idea, and it has to be proved to them that they must do something about it. Second, instead of depending on industry to do something about it or the unions to push it, it is my opinion that what must be done is to find the necessary finances to build vocational training schools. I think the crux of the problem in the provinces, and particularly in the maritimes, is that they have not the necessary funds to provide schools. If you have not got the funds to provide schools and to pay the trained personnel necessary to staff them then you are not going to do anything about it. Industry is not responsible and neither are the unions. In my opinion the federal Department of Labour does not have the authority to push a vocational training program as they should be able to.

There is an item of approximately $2 million in the estimates this year to provide assistance by way of grants to the provinces to construct vocational schools. Under our present set-up the problem goes deeper than the provincial governments. I know that for years in my part of the country there has been talk of building a vocational school in the city of Sydney. I know that in at least two election campaigns the provincial government said that such a school would be built in the city of Sydney, but over the years all that has ever been done about it is that the provincial government, I suppose as the result of the grant from the federal government, decided that they would put up a certain amount of money to build that school.

Each municipality was then called upon to provide its share of the cost of the school. The federal grant was available, and I suppose the province could find its share of what it would cost to build that school, but many of the municipalities could not put up the necessary funds and for that reason the school was not built. Unless you can get the money to build such schools and staff them there will be no progress so far as any vocational training scheme is concerned. In my opinion the lack of funds on the part of the municipalities is the stumbling block in our whole apprenticeship training program.

It is a serious and pressing problem because, as was pointed out by the committee which was convened on the 24th of May, the older skilled men are dying and the young fellows are not coming up to replace them. They pointed out that while industry has expanded tremendously in the last few years the training programs necessary to provide men to operate the complicated machines of industry today were not in existence. Instead of overcoming the problem we are actually building up a new problem for the federal Department of Labour which has to deal with it. Whether or not they have the authority to provide schools they have to cope with the manpower problem. At the present time we are being compelled to import trained personnel from outside this country. I think that it is a very serious matter because it involves our defence production program, our national defence program and our whole industrial set-up. I think it is serious enough for the federal government to get in touch with the provinces and ascertain what they are prepared to do as soon as possible for the purpose of providing schools.

I am sure if you can get buildings designed to do that job erected in any section of this country you will not have any difficulty in getting apprentices. However, the municipalities have got to be relieved of the responsibility of putting up a certain amount of money as their share because they cannot afford it. The financial problem must be recognized. If we had spent $8 million last year in grants to establish such schools rather than to bring people into the country I think that we might have had a set-up for an apprenticeship training scheme throughout the country. I leave that thought with the minister because it is a very serious matter. It is a must and is in the best interests of the people of Canada.

I have been of the opinion since 1945 that we place too much emphasis on university training and far too little on vocational training and fitting the men of the future to run the machines of the future in our industrial set-up. There must be some new thinking on the problem because we are always going to have hewers of wood and drawers of water. Everybody cannot go around with long hair looking down at the ground in a serious manner. There still have to be producers, and I believe if there is more emphasis on a vocational training scheme in the future and the building of such schools you will have no trouble in staffing them and not very much trouble in getting apprentices if the problem is tackled on that basis.

There is another matter about which I want to say a few words. I refer to the Unemployment Insurance Act. I know there are amendments to the act before the house at the present time in the form of a bill. What I have to say does not concern the bill but has to do with regulation 5A and the position of married women under the Unemployment Insurance Act. I think that married women are being seriously discriminated against under that particular section. I had a case which I followed right along the line. I thought that when we amended the act last year we had softened it a little bit and that there would be no trouble for a married woman who complied with the sensible requirements of the act. Unfortunately, however, after we write an act and set it out so that it looks fine somebody sits down behind the scenes and writes regulations. You may have a nice looking paragraph in the act that says that this shall be done under given circumstances but somebody writes about thirty regulations to prevent everything you put in the act happening. That is pretty much the way I look at regulation 5A. I thought all a married woman had to do was to work ninety days in insurable employment after she married to be qualified for unemployment insurance.

It does not work like that. I had brought to my attention the case of a little girl. She got married, and intended to continue working after marriage. She did not even take time off to get married. She used her vacation period for that purpose. She went back to work with her previous employer and carried on for 93 or 96 days, or some period like that; at any rate it was over the statutory requirement. Then nature played a trick on her, and she was in the position that she just could not carry on with that work. Her employer noticed that she had slowed up a bit in her work and he told her so. He laid the little girl off and hired someone else in her place. Naturally she thought she was entitled to unemployment insurance.

The situation is not bad in an industrial section that is highly unionized, where one can get advice or can hand one's problem over to the union; but this girl is living out in a rural section. She is not close

to offices. But immediately she was laid off she reported for work and continued to report for work. She was advised by the manager of the Sydney office that she was not entitled to unemployment insurance. She could not understand why not. She came down to see me and I went over the case with her. Having regard to the amendment that we had made to the act, I thought that the girl was in the clear. She is laid off. She has complied with the statute. She has worked 93 or 96 days. I called up the manager of the office and he said, "Oh, no; you forget the regulations." I said, "I have never yet seen the regulations." The girl appealed her case. I was her solicitor. I went before the board of referees. I argued the case for her and at least succeeded in splitting the board. One chap on the board said I was right; the other two said I was wrong. In any event, they not only disallowed her claim but they penalized that woman by debarring her from unemployment insurance for the next two years.

I was not satisfied with that judgment. In view of the fact that the board had disagreed on the matter, I said, "O.K.; we will take it the next step." I was sure I would get justice from a learned judge in Ottawa, so we took the matter to the umpire. The umpire is the final court of appeal. The evidence was all set out. The umpire decided that the woman was not entitled to unemployment insurance, and confirmed the penalty that was provided, namely, that she lose her unemployment insurance for the next two years.

In my opinion the thing was absolutely crazy. I have read the evidence. I have a copy of it on my desk here. If the minister or anyone else in this committee who has any idea of fair play would take that case and read it over, and find out how an adverse decision could be handed down, I should be glad to be informed. I cannot understand it, because everything the act asked for or compelled her to do, she did. The fact that someone behind the scenes wrote a regulation with regard to a married woman in a certain condition is no reason why unemployment insurance should not be paid to her. That woman was laid off. She might have worked for seven or eight months longer. She reported for work every day, and to the best of my knowledge, is still doing so.

That case is, of course, closed. That girl is not going to get her unemployment insurance. For my part, I think that it is a rank miscarriage of justice. That girl paid for unemployment insurance for five years. After doing that her insurance is refused her. I believe she would be justified in suing the unemployment insurance commission for the return of the money she paid in because she certainly was not given the protection for which she insured herself.

I suggest to the minister that someone should take a look at that regulation 5A, particularly those regulations, and just see how impossible it is, under the regulations, for a married woman to qualify for unemployment insurance. If we are going to accept married women as insurable, then we should see to it that they at least get the same protection in the same way as the man who pays in to the unemployment insurance fund, and that they are accorded as liberal an interpretation of the act. If we are not going to do that, we should cut them off altogether, not take their money under false pretences and deny them the protection that they think they are paying for while they are paying into the unemployment insurance fund.

That is not a criticism, may I say to the minister; that is a plea, on the basis of a miscarriage of justice, that he should take a look at the regulations under the Unemployment Insurance Act. I would also say that, in selecting the court of referees, which is the local court of appeal, you should be careful to select men who really understand the act and its purpose, and who are young enough to form judgments that are a little bit more flexible than some of the ones I have seen. For example—and I am not going to say where you may find this type of people—to take an old man who was employed in an official capacity for years in an industry and who, when he reaches the point where he is pensioned off, is 75 or 80 years of age, and to put him on a board to give judgments in disputes of that kind on modern, up-to-date legislation is a procedure that I think is wrong. I think you can get people whose minds are a little bit more flexible than that. I think if you get on the local board of referees the right kind of people, you will have little reason to send any cases to the umpire in Ottawa. I know that my first experience in trying to handle the problem through that machinery left much to be desired.

There is another subject on which I should like to say a few words, Mr. Chairman; I refer to the construction strike at present causing trouble in the Halifax area. The reason I mention the matter here is that I am informed that most of the projects where the wage dispute has taken place are government contracts. I was of the opinion that as to all government contracts of any size, when they were let, the Department of Labour generally attached to them a wage

schedule that was fair and reasonable in comparison with the rates that prevailed in the district concerned.

I do not know what the set-up is in the city of Halifax with regard to carpenters' unions and so forth; but my information is that, having regard to the dispute that is going on there at the present time, the carpenters are badly underpaid in comparison with the general wage rates in that industry. They also make the observation that since 1949 they have received an adjustment of only 10 cents per hour in their wage rates across the board. They have had no adjustment since that time.

In most of the industries—and I think this is true in most of the building trades as well—there has been a much more substantial adjustment than that in wage rates on a national scale. I know that this problem is one for the department of labour in the city of Halifax. It is their responsibility. But at the same time if it is true that most of the projects where the disputes arise are federal government projects, I think the Minister of Labour or some of his conciliation officers from here should take a look at the situation and should at least bring the wage rates in that area, in the building industry, into line with those that prevail on a national scale. I find it hard to understand why there is difficulty in the building trades, because there has been little in the past. It is the one industry in Canada which has a national industrial council that meets with the Department of Labour from time to time and irons out the difficulties that may exist in the building trades. It has worked very well in the past, so there must be some lack of co-ordination with the national industry in this particular case. In any event, I am suggesting that the minister might look at that to see to what extent government contracts are involved in that wage dispute, and in that way he may be able to help the whole situation in that area.

There is another thing about which I was rather disappointed. Last session the Minister of Labour introduced a bill to amend the Annuities Act. We had the pleasure of examining that bill in a committee under the chairmanship of the member for Edmonton East. After the introduction of the bill I was not surprised to find that the insurance companies put on quite a lobby around the house, and sent many very vocal witnesses to the committee who complained that the bill was unfair competition. I was not very much concerned about their arguments, because I have always felt the Annuities Act was a yardstick, set up by the government, by which one could measure the rates of the old line companies. In my opinion it was the only stabilizing factor in the whole insurance field.

I was convinced that, without the Annuities Act, we would have been a good many years establishing our group insurance plans. This act laid the basis for those group insurance plans, and to a large extent set the actuarial basis which enabled fair and reasonable rates to be established. After much wrangling the bill was laid to one side. I hope that as soon as the minister can get around to it that act will be reintroduced. The amendments merely brought the act into line with the old companies. They provided for a cash surrender value, and stepped up the amount by another few hundred dollars. This act does not provide unfair competition, but it is a yardstick that will perhaps hold the other companies' rates in line, because in all forms of insurance in this country, life, property and car insurance, the rates have skyrocketed within a short space of time. I believe that legislation such as the Annuities Act is desirable in the public interest, and should be enacted as soon as we can possibly do it.

I am going to conclude, Mr. Chairman, by again mentioning to the minister something that I have mentioned on several other occasions. I think the department should give consideration to designating certain industries in this country as national industries. I am thinking of industries that are basic to our economy. In this event the federal government would have some say when trouble arose. I believe that coal, steel, packing house and communications are the important industries. We had a good demonstration of what happens from province to province when an industry like the packing house industry gets tied up on a national scale. The labour department in Ottawa found itself in the position of being unable to do anything except offer advice, because the responsibility rested with each province despite the fact it was a national strike that was affecting the food supplies of the people of Canada. It was impossible to get the nine provinces together to try to get some unanimity of interest as to how the matter should be handled as between the provinces. In these difficult times in which we are living it is a shortsighted policy to leave the federal government in a position of being unable to act when industries that are basic to our economy and to our whole defence project may be tied up by strikes.

The minister may say that the department might be able to do something under the Emergency Powers Act which we extended a few days ago. I noticed that, despite the fact that act existed during the packing house strike, it was not invoked; nothing was done about it. We have a national labour code

under which come the Canadian Broadcasting Corporation, the harbours board and shipping that may be engaged in interprovincial trade. I believe that we should include within the jurisdiction of this code the industries which I have mentioned, which are national in scope and are equally important from the standpoint of what might happen in an emergency. In the event of trouble, the adjustment of wages and that kind of thing, or in the prevention of trouble which is more important than untangling a mess, I believe that the federal government is in a much better position to act than any of the provincial governments. The federal department has an excellent conciliation service with trained personnel who are able to handle these situations much better than the average provincial set-up.

I know that so far as I am concerned I have been of the opinion for a good many years that the mining industry should be a national industry. I would much rather come here to find the solution to a problem than I would go to provincial departments, because they are wrapped up rather tightly with the industrialist himself, and it is difficult to get any thinking that is not warped and biased. A national coal board has been set up with jurisdiction in allocating financial assistance to this industry. I am definitely of the opinion that the coal mining industry should be a national industry, and so should steel, packing house and communications. They should be placed under the national labour code so that if at any time it appeared as if something was developing in any of those industries that might tie them up, the labour department in Ottawa would be in a position to act instead of having to wire the provincial governments in order to get some decision. In the final analysis, it is nearly impossible to get any unanimity amongst them.

I am just making these rambling remarks, Mr. Speaker, to provoke some thought on the part of the minister, and perhaps he may do something about them in the future.

Mr. White (Middlesex East): I always appreciate the logic with which the member for Cape Breton South attacks the problem before us. This being Friday the 13th, Mr. Chairman, in deference to my superstitious Irish ancestors I am wondering just how I should attack the problem before me. I want to assure the minister, however, that I am not going to throw any horse shoes at him or anything like that. In fact, I intend to be rather kind to him today.

Mr. Knowles: In an Irish way.

Mr. White (Middlesex East): I have heard of the fellow who said he got just what he expected, and a friend of his said, "Well, you ought to be thankful you did not get what you deserved." I have in my hand a volume which I hope the minister does not think is my notes. Perhaps I should have written to the minister about it. I want to take a moment to deal with the telephone directory of the city of London and district. Believe it or not, it is almost impossible to find the Department of Labour with the other offices of the government of Canada. If you want to find national employment you find it wedged in between National Dry and National Grocers. Unemployment insurance is pretty nearly the last thing in the book. Under the title "Government of Canada" there is a labour department, but no national employment and no unemployment insurance. The people there who want to get these offices look in the book for Joseph P. Ryan. They know who he is. I hope that will be taken care of.

I have given some thought to this problem. It is a problem that is troubling the minds of most Canadians. I do not need to mention what it is. Across the line there is a steel strike. The hon. member for Cape Breton South mentioned the strike in the construction industry in the maritimes. Every time there is a strike certain people are perturbed; industry is thrown out of kilter and losses ensue. Our industrial picture is changing. If you go back a hundred years you find that most of the industries were family concerns, and the owners knew all their employees. If there were difficulties they were talked over; if someone was sick or in difficulties he was taken care of. In our industrial development management and labour have gone farther apart. Then, in some instances organizers, and men who have sought to create differences between labour and management, have profited thereby.

With that thought in mind and with my tongue in my cheek I have risen today to try to offer a little constructive criticism, as I see it, on some of the things that might be done and that are being done around about us.

Just in passing I want to mention that probably no group in the country has more to lose by governments taking over all industry, as is done in the socialist countries where the individual loses his liberty, than labour. I mention this because of the statement of William Green, president of the American Federation of Labour, as follows:

> Whenever organized labour has surrendered its freedom by opposing the free enterprise system,

the slavery of despotism has become entrenched or has established strongholds that threaten all freedom.

I hear from time to time some hon. members to the left decrying the free enterprise system. I want them to look around the world and they will see that wherever there is a high standard of living they will find that it is the free enterprise system that has built it. To maintain that, I am wondering how we can approach this problem of industrial strife. I do not attach blame to labour alone or to industry alone, but I do know that everyone in the country suffers because of it.

I have some figures that I want to introduce later to highlight that, to point out that labour loses wages when industry loses business, and people generally lose things because of it, and supporting industries are forced to close because of the lay-off of their suppliers. In the long run really no one has gained. More parties are involved than just labour and industry. It is similar to what happened in the last war. It was not the armed forces principally that suffered so much as the innocent bystanders, the civilians, the women and children; and that often happens when industrial strife occurs. The long-suffering public is often the ones that are injured.

Just in that connection I have a little table that struck me as rather interesting. It is taken from the dominion bureau of statistics, and it shows labour's per cent of the production over a period of years. In 1890 the percentage of the total product that labour made was 21·4. In 1939 they had lost a little ground. The figure was 21·2 per cent; and in 1948, which is the last figure that I could get, 20·3 per cent went to labour. Where did it go? During that period—and I can give the figures only for 1929—that is the purchasing power that labour had gained. In other words they did not gain a great deal from industry. In fact, with all the movement that has gone on during those many years, the percentage that they obtained from the industry with which they were engaged decreased. In other words, their gains were made at the expense of groups that were not so well organized. I am going to mention two or three of them.

In 1929 an hour's work bought 6·4 pounds of bread. Today it will buy 10 pounds. We seem to think that meat is dear, but in 1929, strange as it may seem, an hour's labour bought 1·2 pounds; today it buys 1·5 pounds. Back in 1929 an hour's labour would buy only a pound of butter; in 1951 it bought almost two pounds, to be exact, 1·9 pounds. In 1929 an hour's labour bought only 1·1 dozen eggs; today it buys 2·5 dozen. I just put these figures on the record to show that gains have been made but they are not always obtained from the ones that we have thought they were obtained from.

I do not think anyone will question this statement. It has long been my contention that the best interests of labour and management are served when they work together as a team and not as one group fighting or opposing another. Therefore any developments that the minister might bring in that will help to bring industry and labour closer together will certainly be to the best interests of all Canadians.

While I am on the question of strikes and losses incurred, may I say that I hold in my hand two of the publications of the Department of Labour dealing with strikes or lockouts in Canada during 1950. During 1950, 1,389,039 man days were lost because of strikes and lockouts. This does not take into consideration the supplying industries that sold to companies that were on strike.

In the first three months of 1952 we have already lost 188,325 man days. It has also been demonstrated that subversive groups are striving, and have been striving, to get control of many of the labour movements. I need only mention the affair at Valleyfield and Kent Rowley to highlight what I mean. I should say, in the same breath, that it is to the everlasting credit of labour that, by democratic means, they are routing out many of these subversive workers in the unions.

There is another thing we pass by a little too lightly, and that is that we are inclined to condone damage to private property or to company property. The labourer would certainly be incensed—so would I and so would any other individual—if, during a strike, attacks were made on his home, and damage done. The damage to plants owned by corporations or companies while a strike is in progress is a loss to everyone, and constitutes a regrettable phase of our industrial relations at the moment.

Not so long ago Mr. Frost, the premier of Ontario, very wisely said in answer to demands for compulsory arbitration that he would have no part of compulsory arbitration. This is an indication that a large number of people in the country are seeking a way to stall strikes. If serious strikes occur, greater pressure would be brought to bear for compulsory arbitration, but I am one of those who hope that this can be avoided. No doubt nothing suits communists and their fellow travellers better than industrial strife. It is high time more thought was devoted to this problem, and more action taken by all those who are concerned.

While I do not offer this as a cure-all or a complete solution, I think steps could be taken to improve the understanding between labour and management in industry. This would be at least an approach to the problem. I have been giving some study to profit-sharing industries in the United States and Canada, and in doing so I have come across what, to my mind, are some startling figures, and worth-while results. While I shall not read the whole of it, I would refer to an article in the *Reader's Digest* written by Walter Cenerazzo, national president of the American watchworkers union. It states, in part:

> Nowhere in the world is capitalism operated as in the United States and Canada. Nowhere else is there a virile labour movement dedicated to work within the framework of corporate enterprise. In all other countries the labour movement is a political movement trying to obtain all reforms by legislation. This has become the tendency even on this side of the Atlantic. Our sound trade unionists disagree with a political labour movement, feeling that the best gains can be obtained for the workers at the bargaining table with the employer.
>
> In North America there are no longer numbers of very rich—and we are striving to eliminate the very poor. We are all middle-class, whether we are the president of the bank or the janitor who works for the bank. We all desire a home, an automobile, education for our children and a high standard of living. That is why a virile labour movement must be kept free and democratic in our society.
>
> To me this means investor, management and labour working together for these objectives.

That is what the president of one of the labour organizations in the United States has to say about our present set-up. The idea of profit sharing is really democracy in labour. The few remarks I shall make in this connection are based upon actual experiences of industries that have introduced one or more of the profit-sharing plans into the operation of their companies. At this point I would quote Mr. P. M. Richards:

> Free enterprise is doomed unless employees are given partnership by means of the profit-sharing system, says William Loeb, publisher of the Manchester (New Hampshire) *Times-Union* and chairman of the council of profit-sharing industries.

And later:

> In this connection, Mr. Loeb warned that in sharing profits, business must see that the share given to labour is commensurate with the effort labour has put into making that profit; experience shows that the more generous the profit-sharing plan, the more will productivity rise. But it is definitely not a case of "something for nothing," since the workers must do their part to make profits before they can share them.

Profit sharing is any procedure under which an employer pays all employees special immediate or deferred payments based not only upon individual but upon group performance, and also upon the prosperity of the company. In our free democratic way of life this allows the individual to make his greatest contribution to the wealth of the community, the production of goods and services. Profit sharing is an incentive to do just this.

It would seem inevitable that with a greater degree of profit sharing would come the steadying or stabilizing of our economy. It would seem, further, that when partnership between labour and industry can be achieved by this plan, industrial strife will be superseded by industrial partnership. Some of the chief results taken from the records of industries that have introduced profit-sharing plans are these: Greater efficiency in the production of goods; cheaper goods; higher pay; fewer strikes; more profits for industry spread over longer periods of time; and the elimination of a large turnover of labour.

It is good psychology and strategy, in a world divided between belief in the sacred rights of the individual as against the overpowering rights of the state, that the individual should be supreme. This is one way in which the individual can be a partner in enterprise.

No doubt this question arises in the minds of hon. members: Are there many firms enjoying this type of labour relations? I must confess I have not been able to secure all the data for Canada, but I am told that the percentage in Canada is comparable with that in the United States. The figures I have been able to secure concerning firms in the United States entering into these profit-sharing agreements apply to one half of one per cent of the business firms in that country, and five per cent of all the corporations. As I have pointed out, this percentage carries through into Canada.

In the United States 1,120 firms each year change over from the old type of management to the process of profit sharing.

The question might be asked whether this plan is applicable to both large and small industries. Sears-Roebuck in the United States have 105,000 employees, and are one of the larger companies which have adopted this plan. Howland and Howland, New York city, have some 14 employees. Apparently it is adaptable to large and small enterprises.

The department of internal revenue in the United States reports that over one-third of the industries which have labour union representation in their plants have adopted profit-sharing plans. Labour unions and labour generally are agreed on the benefits from this type of management.

Another question is how much of the profits should be shared. The percentage varies from 5 per cent to 100 per cent, the average being slightly under 20 per cent. Not only do industry and labour have a share in the

gains; all groups in the economy which are able to get a better article at lower price because of efficiency, less lost time, and so on benefit as well. In the United States there is no corporation tax applied on profits set aside for plans of this type; the money is not taxed until it becomes part of a person's income.

Another question is, how many different plans are there. One of the beauties of this system is that a plan can be tailor-made to fit almost any industry. There is no hard and fast rule and practically every industry that has adopted this plan has worked out a plan adapted to its own particular needs.

Such a plan involves sharing, not only money but interest, purposes and efforts. There is another thing that many people forget, that enterprises have losses. The question then arises as to who is going to share such losses. It has been found that in industries which have profit-sharing plans the workers consider themselves as partners and are quite prepared to co-operate with management in order to secure markets and do everything to carry them through a period when ordinarily industries are facing difficult going because of losses suffered through competition.

We should be realistic in our approach to this problem, not only as labour and industry but as a democracy, because the preservation of our way of life is involved. If we have paralysing strikes all over the country we might really be in very serious difficulty, particularly with the world situation as it is and no one knowing when we might be called into armed conflict.

I should like to review for a moment some of the achievements that have been reported by participating industries. There has been a 40 to 100 per cent increase in efficiency; labour turnover, as I mentioned before, has been sharply reduced and in many cases eliminated almost entirely; lateness and absenteeism have been reduced as much as 75 per cent; better care has been taken of equipment and there have been fewer grievances and strikes; tremendous savings have been achieved through better workmanship, greater salvage and reduced rejections.

There are waiting lists of men and women seeking employment in those industries which have adopted profit-sharing plans. Strange as it may seem, although when you analyse it it is not so strange, there has been a reduction in the prices of goods manufactured by companies employing this type of plan. There has been increased home ownership by employees.

It may be asked: Why do we not hear more about this? I think the answer is that the industries which have adopted these profit-sharing plans find that they are able to compete in a very competitive market because of less labour trouble and decreased costs. Therefore they are not going to say too much about it. They consider that they are sitting pretty, as it were, compared with their competitors who may be having industrial strikes.

No industry or group can enter into such a scheme without giving it serious thought and study, and I think this is where the department comes in. There should be some central place where information could be obtained. I have before me copies of many of the publications put out by the department and I think without spending any more public money good results along the lines I have indicated could be obtained. Unless there is complete understanding on the part of employees and management I think any plan will be doomed to failure. After all, it is a question of partnership.

The Department of Labour should take a long-range view of this matter and make its plans accordingly. When a strike occurs it becomes the duty of the province to send in an arbitrator or referee, but that is after the fight has begun. That is not the point at which the most good can be done. What I am interested in is preventing these fights, not settling them after they get started.

It is most important that management explain its problems to its employees. It should tell its employees about its markets and its competitors. I cannot think of a better way of improving industrial relations than the adoption of the profit-sharing plan. It is the answer to communism, it is the rounding out of democracy, it is the Christian way of life.

There are certain items in the estimates which have a direct connection with this problem. Item 188 deals with the economics and research branch; item 190 has to do with fair wages, conciliation and industrial disputes; item 193 has to do with the *Labour Gazette;* item 200 has to do with the national advisory council on manpower, on which we are spending $107,940, and many people wonder what we have to show for that; and then there is item 202, which has to do with educational films. Those items total $1,186,822 and it is my opinion that half of that might well be set aside for the purposes I have mentioned. I hope the minister and his department will go to work on this problem.

Mr. Blackmore: Mr. Chairman, my general impression of the minister's department is that they are doing a good job. Inasmuch as

they are doing a good job, I believe mention should be made of that fact. When people in the country do a good job, they should be given credit no matter to what party they belong. I see no reason why we should be so partisan as to deny honour where honour is due. However, there are three matters that I think should be brought to the minister's attention by more and more members until something is done about them. I am not the first one in parliament to bring them up but I am one, and I hope there will be a good many more. They do not reflect on the minister at all, or on his department. They require that we do a little breaking of new sod.

The first one has to do with men 45 years of age and over. We know that very definite resistance has developed in many industries against the employment of men who have reached the age of 45. This is a manifest injustice developing in our nation which we must take measures to overcome. Exactly what should be done I am not prepared to say because I have not given the matter sufficient study, but something simply must be done to remove from men and women 45 and over the disadvantage under which they are suffering in the matter of obtaining employment.

The next matter that I think must be given attention at a very early date has to do with people who have reached the age of 65 and over. Not very long ago I was travelling on a train on which the conductor was making his last run. The whole thing was about as sad as a funeral. I have seen very few men more sad than this conductor. He was perfectly capable of carrying on and doing a good job but the age limit had come and he had to be laid off. We will grant that when a man reaches the age of 65 it may not be safe to entrust him with the heavy responsibility of being the conductor of a train, or perhaps of taking the lead in a great many other activities in which human life and property may be endangered, by reason of developing failure to co-ordinate and so forth which is likely to come upon any man after he reaches that age. Nevertheless it is in the interests of the nation that the productive capacity which still remains in many men and women after the age of 65 should be employed to the best advantage.

Unless we make provision for that sort of thing we are obviously not going to get out of our economy its greatest productive achievement. Just what ought to be done again is not easy to prescribe. One hesitates to even make a suggestion for fear he might be misunderstood, but when we reflect upon the use that is being made of human energy in various institutions which I think will come to mind, human energy which for one reason or another is more or less taken out of circulation permanently from the economy, it seems quite obvious that it should be possible to design something to enable the country to re-employ people who have reached the age of 65. The government will have to take the lead in this matter because private people cannot very well do it. Therefore I want to bring that matter to the minister's attention with the suggestion that his department give it the very best thought it is capable of bringing to bear on this subject so that something can be done before we have too much suffering.

As the minister very well knows, we are learning now to feed people better and in various ways to take care of them better so that their expectancy of life is being greatly increased. It is a most doleful thought that a man's life should be extended in length only to be spent in idleness which leads in many cases to decay and unhappiness. These are general considerations that in my opinion apply to the proposition.

There is another matter which was more or less indirectly referred to by the hon. member for Cape Breton South. I refer to the taking of an unemployment insurance fee from people when it is a foregone conclusion that they are not going to be able to receive unemployment insurance. I know that the whole unemployment insurance scheme is built up to a certain extent on the fees which are taken from people, and I believe it was designed to take fees from a good many people who would never derive any benefit from unemployment insurance. Let us have it clearly understood, however, that for the government to take a fee from any ordinary individual for a service which that individual is not going to be able to receive is for the government to be indulging in what is morally unsound. In other words, it amounts to theft. That is a pretty severe word to use but I think one can hardly use a milder term and still express the truth. The instance the hon. member for Cape Breton South gave is a good case in point. It is not necessary to do things like that in an economy like Canada's in order to be able to have unemployment insurance.

I do not propose to enter into a discussion of the whole matter but I think everybody in this house or outside who is realistic in the matter of finance must certainly comprehend that there are ways of obtaining the money without resorting to such a device, and without resorting to such a device as the onerous taxation from which we suffer throughout the economy. It is high time that the government in power in Canada began to consider some of these ways and

means. I register my protest against taking money from people from which they are not going to be able to receive any advantage. Probably the remedy cannot be developed all at once but it is high time that we pushed our prow in the right direction and began working towards the desirable goal.

Mr. Henry: Mr. Chairman, at this particular time it is appropriate to discuss the past story of the Department of Labour under the federal government. In doing so it takes us back through the regime of Sir Wilfrid Laurier when the department was founded and on through the years of the Right Hon. William Lyon Mackenzie King who was the first deputy minister of this department and then prime minister. As hon. members know, in his lifetime Prime Minister King took a deep interest in the affairs of the department indirectly when prime minister of the day. It gives me considerable satisfaction to have been in the department myself during the years 1942 to 1944 and to have seen later in the opening days of the regime of the Right Hon. Louis St. Laurent the department doing fine work and the things for which, in the mind of the founder and its first deputy minister, it was established. I take particular satisfaction in seeing Dr. Arthur MacNamara, its present deputy minister, still in office today and carrying on the notable work which he began when he took over during the years of world war II.

The results of the department in the legal sense have been very great over the years. The Industrial Disputes Investigation Act is a model of its kind and constitutes the first controlled collective bargaining statute in Canada. We can mention the wartime labour code. We all remember the good work of the Hon. Humphrey Mitchell in those days and also of the present deputy minister in producing this model labour code which has served so well that many of the provinces have adopted it as the model for their existing labour relations legislation. The unemployment insurance commission and the national employment service are institutions of which most Canadians are proud. Indeed, we are glad today to see the government increasing the allowance under the unemployment insurance legislation and also shortening the waiting period. These improvements are approved on all sides of the house as I am sure they are welcomed by labour and management.

There is another outstanding piece of legislation, and this is the vocational training legislation which this department has administered so ably to date. Here you have actual proof of Canada's recognition of the need for education of the masses as well as of the classes. This government, from its earliest days, has taken great care as to this training, and it is a matter of increasing importance in these times when we find the necessity for this broad outlook and this balance in the field of education. Most Canadians recognize the need for greater skills on the part of those who do manual work. Our legislation, passed as it was by the present regime early in the days when the depression was concluding, is a statute which has increased the skills of the workers commensurate with the job opportunities which arose when this government came back to office in 1935 before the commencement of world war II. It has been said that Prime Minister King cured job scarcity in Canada during the late thirties, but it can be said too that he also provided educational opportunities for vocational training consistent with the job opportunities which were brought about towards the end of the depression.

Today, under the St. Laurent regime, we have at the helm Canada's lawyer without peer. We all know that he went to work early in the days of his regime on the question of Canada abroad at the bar of public opinion abroad; and we have the North Atlantic pact as a monument to his credit. This North Atlantic pact is undoubtedly a gesture of friendship on the part of the Prime Minister and a monument to him which sets him apart as a world statesman in the British commonwealth. However, at home he has also proven his skill as an advocate on behalf of labour at the bar of public opinion.

I was in the hospital at the time when the outstanding national railway strike centred itself on this parliament and was settled with skill by our Prime Minister (Mr. St. Laurent). I think that the essence of the skill which he displayed is that he pointed out to labour the necessity, in the national crisis, of compulsory arbitration, at the same time reminding them of the seriousness of the position and expressing the firm hope that resort to it should not happen again unless under extreme conditions of national emergency. To see the way labour trusted him is the thing which makes us sure that he follows truly in the tradition of Laurier, and again in the tradition of King, setting himself apart as one quite capable of adding to the labour laws of the country which are to the credit of the government, and setting himself apart again as a trusted friend of all those who came to us here in this parliament at the time of the national railway strike.

The story of the department in the estimates brought forward by the minister today illustrates to me that the minister has in mind clearly the problem of inflation on the home front in Canada. We have seen the effect of

governmental taxes, credit and monetary controls in stemming the tide of inflation. We trust that there is a measure of stability which will last. But we also see, in the legislation of the department, encouragement of production on all sides, which is a good weapon against inflation. There has been encouragement to the ordinary working force by way of these increased benefits in the unemployment insurance legislation. We can point to that legislation as something which will encourage production and also help to stem the tide of inflation. Above all, the increases in the estimates for vocational training stand as something which provides for the youth of Canada opportunities to increase their skill, to increase their production, and to help on the question of inflation.

I note with interest that the minister has been able—and I think it is to his credit—to increase his vocational training estimates as he saw fit in an amount of $375,000 this year for purposes which become apparent as the estimates are examined. It is interesting to note that the record of the government has been extensive in this vocational training field in the post-war period. To date $58,641,625 has been spent on the matter of vocational training in the post-war period down to the last fiscal year now concluded.

It was interesting last evening to listen to the minister as he told about the apprenticeship conference here at the national level. Industry was represented, as were labour, the provinces and his own department. Although the minister is unable to predict—and I think wisely so—the future outcome and the immediate results of the conference, I am sure that these results nevertheless will bear fruit, knowing the minister and the officials he has with him in this matter. I know that at the conference approval was given to the proposals of the conference as to apprenticeship training, not only by management but also by the top figures of the labour organizations; I refer to Mr. A. R. Mosher and Mr. Percy Bengough in this connection.

Naturally labour is going to be concerned about the way in which the policies laid down by the conference are implemented. Labour will not want to see great pools of labour trained in the wrong places and at the wrong time. But I think it is a good sign that labour representatives at the conference endorsed the principles laid down and considered, naturally, providing necessary safeguards. Knowing the department and its reputation for carefully implementing policies of this kind, I think we can rely upon it to do a good piece of work. I think hon. members should encourage the minister, when his supplementary estimates come before the committee, to further the aims and the findings of the conference.

It came as good news to me when I heard the minister report about the conference, because early in the life of this session I placed on the order paper a resolution which I was able to discuss briefly before the house in another debate. This resolution is on the order paper and, if the chairman will permit me to do so, I will read it so that it may be included in the record of these, my remarks. It reads as follows:

> That, in the opinion of this house, the government should give early consideration to the making of provision for increased financial assistance for the improvement and extension of vocational training facilities and the training of workers in skilled trades and occupations with a view to providing adequate facilities and opportunities for training workers in all sections of Canada and developing and increasing the skills and numbers of workers in essential trades and occupations in the national interest.

I think this is a worthy resolution, Mr. Chairman. Indeed, I have received from my colleagues on the government side general commendation as to the resolution. I think that members of this chamber on all sides approved the statement of the minister with regard to this matter of vocational training and increasing the apprenticeship side of it. And, too, the people of Canada have shown their need for increased vocational training facilities. I know that because the figures indicate that in the vocational training establishments in 1949-50 there were 179,043 individuals registered, and in the year 1951-52 the enrolment increased to 226,075.

It would be an oversight on my part if before taking my seat I did not indicate to the minister a personal debt to the department in my ordinary duties within the riding of Toronto Rosedale. We have there the Rosedale Liberal Association, which called upon me to take the nomination for my seat in parliament as of the month of April, 1949. At that time it was the policy of that association in the riding to establish there a permanent Liberal committee room on Parliament street. I wish to report to the house that since that time the association has obtained this committee room, with a permanent secretary on duty from 3 to 6 p.m. daily for five days a week. The purpose of the committee room is to serve the residents of the riding in connection with their legal, governmental, social welfare, and other problems which they may bring there for consideration. The practice is to refer the individuals concerned to the appropriate sources which can give them assistance in their needs. In that sense it has been called

a referral bureau, and it has been welcomed by no less than 1,000 people during the period of its operation in the riding.

If the chairman will permit me, I should pay tribute to the national employment service in Toronto for giving all possible assistance to us in our work in the committee room. I mention in particular the sympathetic outlook of those officers in that local office in Toronto in counselling senior citizens in the matter of employment. In the association we believe, and I know the impression has been gained for the most part in the riding, that there is a deep sense of personal interest on the part of the officers and officials of the local national employment office. Further, we believe that the national employment office in Toronto is carrying out the will of the people in the democratic sense, to the end that people have their needs satisfied in so far as is reasonably possible. We thank the minister for the co-operation and service of his officials, and for enabling us to make democracy work better at the riding level. We thank him further for enabling us to keep close to the people where, in my opinion, we who are in public life belong.

As a result of the minister's vocational training program, and the expansion of it, I intend to recommend to the executive of the association that in the future we include a new feature in the service rendered by the committee room. I believe that an opportunity exists for the members of the association, and particularly the executive, to assist the people of Rosedale riding on the question of vocational guidance. I wish to assure the minister that when his new program is well under way we shall endeavour to bring the program to the people of Rosedale riding, so that their needs may be fulfilled and they may obtain the fullest possible benefit from the program.

In closing, I wish to congratulate the minister on the vocational training program, because in my opinion it will produce more skilled workers, more production, better wages, a better standard of living, less inflation, and a better war prevention program in defence of freedom.

Mr. Hees: Mr. Chairman, I was very glad to learn last night from the minister's remarks that the question of rehabilitation in industry is receiving the government's attention, and to learn also that an advisory council on rehabilitation is to be set up. I believe that is a very good step. I only hope that this advisory council on rehabilitation will be given more opportunity to do good work than has the advisory council on manpower, which was set up with such great hope more than a year and a half ago.

The reason I say that about the advisory council on manpower is because the only way you can judge a body and what it does is by the reports of its meetings. I have here a news release sent out by the Department of Labour, reporting on the latest meeting of the advisory council on manpower, held on February 26 last. I have read it very carefully, but I cannot find one reference to any suggestion which was made by any member of the advisory council on manpower. In fact, I cannot find any reference to any member of that council being there, but I am sure they were.

It is a lengthy report, and contains a good many reports which were obviously laid before the advisory council on manpower by the government. In fact, I have studied these various news releases sent out by the Department of Labour when the advisory council on manpower has had its infrequent meetings, and I have yet to find more than one reference to advice being given to the government by a member of the council. That was a short statement of about half a paragraph by Mr. Rhys Sale of the Ford Company of Canada, about a year ago.

I feel that is a very regrettable state of affairs. When the council was set up, the membership appeared to be very worth while. It seems to me unfortunate that they have not been given more chance to operate in the manner in which I believe an advisory council should. It seems to me, Mr. Chairman, that the government has been advising the advisory council, rather than the advisory council advising the government, and to me that seems the wrong way to do things.

I sincerely hope the minister will see to it that this advisory council on rehabilitation will be given a real chance to do useful work in this important field. I believe there is a great need for a rehabilitation program, both physical and occupational, to be operated in co-operation with the provinces. The purpose of it should be to look after the needs of those people in industry who, through disease or accident, are prevented from continuing to earn their own living.

The kind of program I have in mind is the one which was operated with such conspicuous success at the end of the last war, and which dealt so successfully with a great number of disabled veterans. Every effort was made to cure a man's disability, and if that was found to be impossible, then he was taught a trade. This enabled veterans to be fitted into jobs which they could fill and handle, often better than those who have the full use of their faculties. The reason for that is that a great many disabled people are so anxious to show their employer

that they can do a good job, despite their disability, that they work harder and apply themselves more than a person who is perfectly normal in every way. I believe if that kind of program is brought into effect by this government a great many more disabled people will be able to continue to earn their own living than is the case today.

The second suggestion I should like to submit to the minister for his consideration concerns the man or woman who has built up an unemployment insurance credit. They should be able to draw on that credit if sickness or accident prevents them from continuing to work. There is no time at which a man or woman needs unemployment insurance benefits quite so much as when sickness or accident prevents them from working. Not only do they have to maintain themselves and their families, but they have hospital and doctors' bills to pay as well. We must also remember that the unemployment insurance credit which a man or woman has built up is his or hers by right, and is not charity. It exists simply because the man or woman and the employer have contributed toward that unemployment insurance credit for the sole purpose of helping to maintain them if, for some reason, they are prevented from working.

The third matter I want to bring to the minister's attention is the desirability and need of paying a pension, equal to the old age pension, to be paid irrespective of age, to all persons whose disability makes it impossible for them to continue to earn their own living. That is simply in keeping with the principle behind the Old Age Security Act, which pays a pension to people over 70 years of age without a means test because it is assumed that people of that age are no longer able to earn their own living.

I believe that men and women in industry who, because of accident or disease, are prevented from continuing to earn their own living, are often more in need of pensions than many persons over 70 years of age. Sick and disabled people have hospital and doctors' bills to pay in addition to maintaining themselves and their families. That puts a considerably greater strain on their finances than is put on the finances of those over 70 who, in many instances—I would say in most instances—are still sound in wind and limb. For that reason I believe the principle behind the old age pension, which is excellent in every way, applies to those disabled people in industry to an even greater degree. For that reason I believe these people should be paid a pension if the doctors of the unemployment insurance commission certify upon examination that they are prevented from continuing to earn their own living. I would appreciate it if the minister would comment on the suggestions I have made at an appropriate time later in this debate.

[Mr. Hees.]

Item agreed to.

189. **Annuities Act—administration, $956,386.**

Mr. Knowles: This is an item with reference to the annuities act. The minister knows that we have asked him questions about this a number of times during the session, and some remarks were made on it today by my colleague the hon. member for Cape Breton South. I realize that we face a barrier so far as this session is concerned in the statement made by the Prime Minister a few days ago that no legislation amending the annuities act would be introduced at this session. Nevertheless, that statement by the Prime Minister did not preclude the possibility of an amendment being brought in at the next session, and we urge that that be done. We should like to hear from the Minister of Labour what the situation is and whether there is a reasonable prospect that a bill similar to the one that was not proceeded with last session might be introduced at the next session of parliament.

Mr. Thatcher: I shall take only two or three minutes on this item. The government is proposing to spend this year $956,386 on the administration of the annuities act. Incidentally, that is an increase of about $98,000 over a year ago. I want to say at once that I, along with other members of this group, certainly support the annuities act, at least the principle of it, and I concur in most of what was said this afternoon by the hon. member for Cape Breton South.

The original purpose of this act was to encourage people of modest means to make provision for their old age, and I think the act has been at least moderately successful in doing that. I hope the minister will announce, when he brings in amendments to the legislation, that the scope will be extended and the ceilings increased. But there is one feature of the present act I do not like, and I am speaking personally. Out in Saskatchewan we have a government insurance office. That company sells insurance to the people of Saskatchewan at rates considerably below those which prevailed formerly. For the most part they sell insurance at approximately cost. Nevertheless the corporation is expected to pay its way as it goes along. It seems to me that the federal government might take a lesson from the Saskatchewan insurance office in so far as these annuities are concerned. Why should the annuities branch not pay its way as it goes along?

In other words, Mr. Chairman, I believe that federal annuities should be sold at cost, approximately, but not at a loss. If the branch did that, I believe they could still sell annuities considerably cheaper than the insurance companies can sell them. I believe, and believe very strongly, that premium rates charged on these government annuities should first of all cover the cost of administration, and second the solvency of the fund. I can see no reason whatever why the taxpayers of Canada should be called upon to subsidize a scheme which is used by only a minority of the population many of whom are not in need of such subsidy.

May I refer the committee for a moment to the details of the estimate. They are contained on page 237. Altogether we are spending $956,000 on administration. The annuity contracts issued last year totalled 21,775, according to page 24 of the minister's report. In other words, last year the administration costs of the annuities which were issued amounted to about $44 each. This bill the taxpayers of Canada had to pay. It does not seem very sensible to me.

We have 189 employees in this department. I hope that the day will come when the volume of these annuities can be increased. At the same time I find it strange that the taxpayers of Canada should be paying the wages of those employees, instead of the people who are benefiting—i.e. the holders of the annuities. Week after week people are saying something should be done to bring down the high cost of government. Surely this is a good place to start to trim the costs. I believe the annuities act, as I said a moment ago, is a most worth-while piece of legislation, and I hope it will be enlarged; I hope it will be expanded. But I do believe annuities should be sold at cost, and should not require annual payments from the taxpayers to keep them going.

Mr. Fournier (Hull): May I ask a question? Was the hon. member expounding the policy of the C.C.F.?

Mr. Coldwell: No; I am just getting up. I wish to say that we fully support this annuities act. The criticism I would make is that the money which is being spent is not getting enough contracts. I would like to see the annuities branch go out and sell more contracts and get more people interested in annuities. After all, when this annuities system was set up it was in order to encourage people, who might not otherwise provide for their later years of life, to make some such provision for themselves. And the fact that it was undertaken as a national obligation to meet the costs of promoting these annuities was a step in the right direction.

Personally—and I think I speak for our group—we have always supported the fundamental principle of the annuity, and we have always supported the manner in which the cost of promoting these annuities has been met; and we are continuing to do that. It may be that—

Mr. Fournier (Hull): Would the hon. member permit a question? Would he say "and to subsidize the system"?

Mr. Coldwell: Yes, exactly. We believe if it is worth while subsidizing—

Mr. Fournier (Hull): The hon. member who spoke before did not agree with that.

Mr. Coldwell: And the hon. member said he spoke personally. I am speaking as the leader of the group and as one who has always supported the idea that in order to encourage people who might not otherwise make provision for themselves, they should be assisted; and this important piece of social legislation should be subsidized, just as we support every other piece of social legislation.

That does not say that I think more care should not be exercised in the expenditure of the funds the government puts out in order to encourage the purchase of these annuities. As a matter of fact I think every care should be exercised. My criticism of the whole annuities system is this, that we have not sufficiently subsidized it, that we have reduced the interest rates over and over again because of the lobbies of insurance companies. Those lobbies have caused the reduction in the interest rates and thus made these annuities less attractive. That is the reason we are not selling as many contracts as we should be selling and as we did sell in the years immediately following the war. And that is why perhaps the proportion of employees and costs for the last year would seem to be higher than warranted by the number of new contracts made in that year. I have not been able to go into this matter thoroughly; but I wish to say that we certainly think every effort should be made to popularize the annuities. We regret that the rates of interest have been substantially reduced at the request—and I know this to be so—of the insurance companies. They have lobbied me on occasions about it.

Mr. Cote (Verdun-La Salle): The rate of interest was increased two months ago.

Mr. Coldwell: I am glad to know that. The fact had escaped my attention; but I have been rather busy lately.

Mr. Knowles: And successfully, too.

Mr. Coldwell: Never mind about the "successful" part of it. The fact is that I have been rather busy. But I do wish to say that, over the years, the rates of interest have been decreased. We thoroughly support the idea that in order to encourage people to take annuities we have to subsidize them to some extent.

Mr. Johnston: Mr. Chairman, I should like to say a word about annuities, because I have discussed the matter on other occasions and I would not want this opportunity to pass without stating my views. I cannot agree with those who suggest that we should be tightening up the reins in respect of these annuities. In fact, I think a little loosening of the reins might be more in line. I believe a year ago the ceiling was raised from $1,200 to $2,400.

Mr. Gregg: No.

Mr. Johnston: What is the ceiling now?

Mr. Gregg: It is still $1,200.

Mr. Johnston: Then I shall say that a good deal of pressure was put upon the government to have it raised to $200 a month. I am not in agreement with that because, as the hon. member for Moose Jaw has said, this plan was put in primarily to assist those who were not able to invest heavily with the insurance companies. I think the policy should be one which would encourage those in the smaller income brackets to take advantage of government annuities.

When the Minister of National Health and Welfare was speaking in connection with the old age pensions legislation I remember him suggesting that even those people with modest incomes might be able to take advantage of the new plan in connection with annuities, in order to increase their benefits upon reaching old age. One of the things that did happen last year was that the premium rate was raised from 3 per cent to 3½ per cent. I made strenuous objection when, under the late Mr. Mitchell, the rate under the fund was reduced from 4 per cent to 3 per cent. That is not conducive to obtaining larger contracts.

As the hon. member for Moose Jaw said a short time ago, costs are too high; but I think the only way to reduce those costs is by increasing the amount of business. I have never known of any occasion when, through the efforts of the government, we have gone out to advertise the annuities plan to the public. When we are spending millions upon millions of dollars to advertise branches of government, surely we could spend a few hundred thousands to advertise our annuities program. One of the best ways to do it would be to raise the rate from 3½ per cent to 4 per cent.

[Mr. Cote (Verdun-La Salle).]

An annuities plan is the only plan under which the ordinary worker, the man who is receiving wages, can invest his money at anything near a reasonable rate. As the hon. member for Rosetown-Biggar said, we did not hesitate to raise the interest rates on housing, to meet the accommodation of the lending companies. Everyone knows the reason the rate on annuities was lowered from 4 per cent to 3 per cent was the pressure of insurance companies around this House of Commons.

I would like to see the overhead in connection with this branch of the department brought down; but I do not think it can be brought down by cutting the interest rate or by raising the over-all ceiling. The only way to reduce those rates is to get out and obtain more business. That may not be popular with the insurance companies; but then they will have to reduce their rates if they want to keep in line. The insurance companies I know anything about are not doing badly these days, and could well afford to make their contracts a little more attractive.

I would like to see the government raise the annuities rate to 4 per cent. I suggest that the government should get out and do a real job of advertising. If more business were brought in there would be a great improvement in this annuities plan. I am sure the present staff would be able to handle an increase in business to the extent of another 50 per cent and now is the time to do it. Do not wait until the fund reaches the point where we have to curtail services. If it was put out primarily to assist people in the lower income brackets, then let us make it a little more attractive so the working people will have a break.

Mr. Browne (St. John's West): There are one or two questions I should like to ask the minister. Does this amount of $960,000 represent the complete cost of administering the fund and are the total receipts from the sale of annuities kept within the fund? Can the minister give a comparison, say between Newfoundland and New Brunswick, as to the number of annuities being taken up?

Mr. Hees: Before we go on to any other item, would the minister be kind enough to answer the questions I put to him on item 1 so we can keep ourselves straight?

Mr. Fournier (Hull): I thought the general discussion had been terminated.

The Deputy Chairman: The general discussion was terminated.

Mr. Hees: When does the minister intend to answer the questions which I put to him in good faith on item 1?

Mr. Gregg: Prior to this afternoon a number of hon. members have spoken about annuities, and perhaps I should say a few words now on that matter. As we move forward I shall cover the points that have been brought up when we reach the respective items. If by any chance I should miss any I would be very glad to have hon. members bring them to my attention.

Mr. Hees: I referred to disability pensions, and there is no item covering that.

Mr. Fournier (Hull): There will be an item in the supplementary estimates.

The Deputy Chairman: I recall the questions asked by the hon. member for Broadview, and that he requested the minister to answer at the appropriate time. As the first item is carried I do not believe anything else can be done at this time.

Mr. Hees: What I meant by appropriate time was that the minister answer at the end of item 1.

Mr. Martin: I dealt with that very question.

Mr. Hees: If we cannot get a better answer than that given by the Minister of National Health and Welfare there is no use getting an answer. I asked the minister in good faith on item 1 if he would answer my question, and I would appreciate it if he would.

The Deputy Chairman: The hon. member has allowed item 1 to carry and I cannot allow further discussion of that item unless there is unanimous consent.

Mr. Gregg: I know you want the committee to keep within the terms of each individual item, but there is an item covering the national advisory council on rehabilitation of the disabled and when that item is reached, I hope in the not too far distant future, I will be able to deal with the remarks of the hon. member.

Referring now to the questions put by the hon. member for St. John's West, he asked if the $900,000 constituted all the administrative costs. The answer is that it does. He asked if all the amounts received went into the annuities fund. The answer is yes. I have not under my hand at the moment information as to the annuities sold by provinces, but I shall get that for the hon. member.

I think under this item it might be appropriate to make some brief comments with regard to annuities. Since the session last fall there has been a great deal of general discussion across Canada on this subject. Hon. members have stated that the insurance companies and insurance underwriters put on a heavy lobby, which I do not deny; but I may tell them that since Christmas I have received a great many representations from organizations and individuals who have nothing whatever to do with the sale of insurance or annuities.

I think the discussion this afternoon reflects the difference of opinion that exists with regard to this matter, particularly the point with regard to the term "subsidy". There is a very strong school of thought in Canada that has the view that if the federal government is going to remain in what is recognized as a field of private enterprise, if it is going to retain subsidies in connection with annuities, those subsidies should reflect to the benefit of the small wage earner and should not accrue to the benefit of the well-to-do individual who can afford to purchase an annuity to bring him in, say, $2,400 a year. I am not going to discuss the merits of that position at this time. In outlining the legislative program for the balance of the session the other day the Prime Minister mentioned certain items of pending legislation, including this one, which would be held over for further study.

Discussions since last fall between officials of the annuities branch and senior officials of my department, one of whom is sitting in front of me, have brought to light a number of matters, particularly with respect to the underwriting of pension plans. These are being studied and it may be necessary to include a specific provision in the act to permit the underwriting of pension plans in the light of present-day trends.

The desirability of labour being free to move from one place to the other and the effect that pension plans might have upon such movement has been the subject of discussion by labour organizations as well as by the panel of discussion at the conventions of such employer bodies as the Canadian Manufacturers Association. I am free to say I now realize that there are difficulties related to annuities under group plans which I did not recognize before.

There are a number of other problems in connection with the administration of this act which require further study. Some of them arose out of the proposals to relate the annuity interest rate to the going yield on government bonds. In response to the point raised just a moment ago by the leader of the C.C.F. party I may state that I have not been the object of any high pressure in the matter of interest rates.

Mr. Coldwell: Not of late.

Mr. Gregg: Voluntarily, and without any pressure being exerted, we did increase the rate because we felt that it should be related to the earning power of long-term government bonds. It was on that ground that the rate was increased from 3 to 3½ per cent.

I am asking to have set up an ad hoc interdepartmental committee composed of officials from the departments of government most concerned with these matters and report to me. It had already been decided to study the point raised this afternoon by the hon. member for Moose Jaw, that is what the effect would be if the $900,000 administrative costs were absorbed. Of course that would have an effect upon the actuarial equilibrium of the fund.

While constant review and check is made by the annuities branch of mortality trends this interdepartmental committee will also be asked to examine the tables being used and will be authorized to call in experts to advise the annuities branch on its practice.

Mr. Knowles: We are glad to know that this matter is still being studied, and we hope that study will not take as long as some other matters, such as health insurance for example.

Mr. Martin: Keep on the subject.

Mr. Fournier (Hull): Stick to the item.

Mr. Knowles: I was hoping the Minister of National Health and Welfare might interject that something was coming in health insurance. It will.

Mr. Hees: In 1975 or 1976.

An hon. Member: It would be if we waited on you.

Mr. Knowles: We hope there will be legislation in respect of annuities at the next session of parliament. While he was on his feet the minister said there was some confusion with regard to annuities respecting whether or not they are being subsidized at all, and that there was also confusion with regard to whether or not there is any justification for any alleged subsidy. In our view if there is an element of subsidy in this plan it is more than justified. It is associated with the aim to enable Canadians to provide more adequate old age security. In realistic terms I question whether there is any element of subsidy in it at all. Reference has been made this afternoon to the costs of administration. It was made clear to us in the committee on industrial relations last session when we had this matter before us that the cost of administration in connection with government annuities are much less than the costs of private insurance companies in administering similar plans or insurance generally.

It must also be remembered that the government has the constant use of a very large sum of money as the result of the funds that are paid in on account of government annuities. The public accounts for the last year for which the printed copy is available show on page 75 that there was then on credit with the government under the heading of "government annuities" the sum of $620,398,995. The use of that money, even if it is computed in terms of interest, is a considerable advantage that the government enjoys. It must also be remembered that throughout the years more money has been taken in by the annuities branch each year than has been paid out. The annuities branch is not an insurance company that has to be operated under conditions of some day being put up on the block. The annuities branch goes on forever, and in realistic terms we have here what amounts in some respects to a pay-as-you-go scheme.

People are paying in today in return for which they will enjoy a benefit later on. The people who are drawing out money today are drawing out less than is being paid in. Therefore I submit when you add up all the figures and set them beside each other the taxpayers of Canada are not actually out anything at all as a result of the scheme, but rather the government is having the use of a very large sum of money. I hope this thing can be sorted out and that the type of propaganda, particularly from insurance companies, that argues that we are subsidizing something for a few people will not continue but that instead we will get the improvements in the annuities act which the industrial relations committee supported last fall when it reported the bill back to the house.

Item agreed to.

190. **Fair wages, conciliation, industrial relations, industrial disputes investigations, including the administration of legislation relating thereto, and for activities *re* promotion of co-operation in industry between labour and management, $428,093.**

Mr. Gregg: On this item I should like to acknowledge the very excellent comments made by the hon. member for Middlesex East and to assure him with respect to the point he made concerning industrial peace that, while I am sure it is impossible for the federal government to take any direct action in the field of profit-sharing plans for industry which he outlined, nevertheless I will make the suggestion that the *Labour Gazette* publish an abstract of his comments in a future issue. In this matter, as in so many others in the field of conciliation which this item covers, we feel that the federal branch can do its most effective work in cultivating

the tree of industrial good will, of which such a profit-sharing plan is one of the lush fruits. I do not think we can expect to have a very great part in the development of the fruit. However, it is the purpose of this phase of our work to leave nothing undone, in co-operation with the ten departments of labour in the provinces and in co-operation with organized labour and management, to help create an atmosphere in Canada in which industrial peace can flourish.

It has been a great privilege both for myself and my parliamentary assistant, even though neither of us is recognized as a labour man, to take advantage of every chance we have had to join in conventions or conferences of organized labour and organized management for the purpose of expressing on behalf of the federal government a special plea in this regard. As all hon. members know, the officials engaged in this work have been doing intensive work along the lines of encouraging labour-management production committees which, while they have nothing to do with collective bargaining as such, are designed to help create an atmosphere of confidence and understanding within industry so that management will form the habit of talking with labour and ironing out minor difficulties for the purpose of improving production, and so that when they come to the bargaining table they will know each other's mind. I should like to express to the hon. member for Middlesex East my appreciation for his remarks.

Mr. Catherwood: I notice in the details with respect to item 190 that four additional industrial relations officers are employed. I realize that industrial relations officers are a very necessary part of the organization of the larger private companies and corporations, but I should like to know in what sections of Canada these additional officers are employed.

Mr. Gregg: There is one in Montreal, two at head office in Ottawa and one in the maritime provinces.

Mr. Knowles: Under this item, which deals with the administration of the Industrial Relations and Disputes Investigation Act, would the minister say a word as to what consideration he is giving to representations that have been made to him again this year by the labour congresses for certain amendments to that act?

Mr. Gregg: The act is under constant review by the deputy minister and other officials with respect to whether amendments appear to be required. The representations made by the congresses are being studied, but we did not feel there was an urgent need to introduce amendments at this session.

Mr. Knowles: I would urge the minister to have more active consideration given to these matters. It is four years now since the act in its present form was placed on the statute books and each and every year since then the major congresses have pressed for such matters as the check-off and certain other provisions. They have also pressed for a revamping of the code to make it a truly national code with more uniform provisions throughout the country. I appreciate what the minister has said, but with respect I may say it is the answer we have had each year. I hope the minister will feel that, even though these requests made by the congresses are the same every year, and of necessity so since they are not being met, so far as labour is concerned there is a sense of urgency about them.

Item agreed to.

193. Labour Gazette, authorized by Labour Department Act, $126,996.

Mr. Catherwood: I believe all members of parliament receive the *Labour Gazette.* I think it is an excellent publication. I was just wondering how the department worked out the number of complimentary issues of this publication that are sent out. In the report of the Department of Labour I see that 7,420 complimentary copies are sent out. How was that list arrived at?

Mr. Gregg: I have not the detailed list here, but I understand that the main part is made up of lists of organized labour offices, also lists of management, and that they have been assembled during the life of the magazine. I believe it was felt that those most directly concerned with the magazine should have it on a free list at some time or the other. I should also mention that university libraries get it free.

Item agreed to.

194. To provide for the effective organization and use of agricultural manpower, including recruiting, transporting and placing workers on farms and related industries and assistance to the provinces pursuant to agreements that may be entered into by the Minister of Labour with the provinces and approved by the governor in council, $280,000.

Mr. Browne (St. John's West): I should like to ask the minister whether the movement of general farm workers from Newfoundland to Ontario and Quebec was continued last year as in the previous two years. Can the minister tell us the number who were transported to Ontario and Quebec?

Mr. Gregg: My hon. friend means the movement of workers from Newfoundland out into other parts of Canada?

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

Mr. Gregg: According to the record I have here for 1951, from Newfoundland and the Magdalen islands—they are lumped together —to Prince Edward Island to work, a total of 73 only.

Mr. Browne (St. John's West): But the provision is there again for this year?

Mr. Gregg: Yes, if the occasion arises.

Mr. Catherwood: Is it the intention of the minister to carry out the same policy with regard to bringing in labour from the west for farm employment in Ontario?

Mr. Gregg: It will be necessary, I am sure, to carry out perhaps as energetic a policy as last year, if not more so, in the movement back and forth in order to get in the crops.

Mr. Catherwood: I am glad to hear the minister say that. May I also ask him this question. Of this amount of $250,000 that was in the estimates for this last year, was the total amount used for that purpose?

Mr. Gregg: The total, including the supplementary amount, was $283,000 actually used for that purpose.

Mr. Catherwood: It was all used for that purpose?

Mr. Gregg: Yes.

Item agreed to.

195. To provide for investigations and inspection work in relation to working conditions in industries where the federal government has exclusive responsibility; field work in respect to wages and hours legislation; co-operation in accident prevention and workmen's compensation, $25,000.

Mr. Knowles: In item 195 we find these words: "field work in respect to wages and hours legislation". Can the minister tell us what is meant by the phrase "field work"? In particular would he relate that field work to the question of legislation respecting hours? Does it have any bearing on the question of the five-day week or other matters in relation to hours of work? What progress, if any, is being made?

Mr. Gregg: This is a new item, Mr. Chairman. We are not sure that it will all be used. But it appears that in the field outlined in the description there is an area which is not occupied by the provinces; and this year we propose to see whether we can or cannot perform any useful function in that field.

Mr. Knowles: The minister has underlined the fact that this item generally relates to a field not occupied by the provinces. If I may I shall read a further part in addition to what I read before. We find these words: "in industries where the federal government has exclusive responsibility". What relationship exists between this type of work, for example, and the civil service, which after all does come under the jurisdiction of the federal government? As the minister knows, his department has collected interesting figures on hours of work which were published in the *Labour Gazette*—and he placed them on *Hansard* in response to some of my questions a while ago—which show, for example, that considerable progress is being made in the adoption of the five-day week. In fact, at the present time it is more general than is the five and one-half day week and the six-day week. That statement applies both to workers in industry and to office workers. Is that question being studied in relation to the civil service? Might this lead to any useful advice that the Minister of Labour could give to his colleague the Minister of Finance?

Mr. Gregg: Mr. Chairman, I am not going to talk about any useful advice, but I will say this. Just as under "and workmen's compensation" I can conceive that perhaps we can do something in those private industrial capacities which come within federal jurisdiction, so under this item we might be able to do something useful as far as the civil service is concerned with regard to the prevention of accidents.

Mr. Knowles: I am glad to hear the minister is hopeful that something useful can be done under this item.

Mr. Gregg: Otherwise the item would not have been inserted.

Mr. Knowles: I would dare to assume that. I have one other question. The minister knows of the situation, to which I have drawn his attention on previous occasions, in relation to hotel employees in this country. Employees in hotels operated by the Canadian Pacific Railway come under provincial labour jurisdiction, but hotels operated by the Canadian National Railways come under federal labour jurisdiction. I believe that is so because of a decision of the privy council. As a matter of fact the minister referred to it a few weeks ago on the orders of the day in relation to another matter. The result is that in provinces where there is legislation limiting the number of hours of work per week, you find that employees in Canadian Pacific hotels work a shorter work week than do the employees in Canadian National hotels within the same province. The defence on the part of the employers, so far as the Canadian National hotels are concerned, is that they are not under the provincial law. Is any research or investigation being made into that point and into the possibility of federal legislation respecting hours of work? I should like to see it general; but at any rate, it seems to me that it ought to have application to employees who come under

federal labour jurisdiction so there will not be the kind of disparity to which I have referred.

Mr. Gregg: That is a large field my hon. friend has opened up, and I do not propose to enter it. We had not that in mind when working out this estimate. The remarks my hon. friend has made will be taken into consideration.

Mr. Green: I wonder whether the minister would have a check made of the hours being worked by the men on the dining cars of the Canadian Pacific Railway? Earlier this year I believe they were working as many as 260 hours a month. Their contract calls for 208 hours, and they could not get any overtime up to 240 hours. As I said, they were sometimes working 260 hours a month and I do not think conditions are good. If the minister would have an inquiry made it might be possible to have that situation remedied. I do not know whether the same conditions exist east of Winnipeg, but I have reference particularly to the arrangements west of Winnipeg.

Mr. Gregg: I should be glad to look into it.

Mr. Knight: If it is not repetition, I should like to add a word to the sentiments expressed by the member for Winnipeg North Centre. In our city we have the Bessborough hotel, which is a Canadian National hotel, in which there are a large number of employees. They constantly approach me on this matter, and look upon it as discrimination. They do not see why the employees who are working for the Canadian government indirectly should be discriminated against as opposed to those who work for the government directly. I simply want to state that I hope that problem can be worked out, and that consideration will be given to it as the minister promised.

Item agreed to.

Vocational training co-ordination—

To provide for carrying out the purposes of the Vocational Training Co-ordination Act, 1942, and agreements made thereunder; to authorize the Minister of Labour to enter into agreements with any province on terms approved by the governor in council for the training of persons to fit them for defence industries, the training of members of Her Majesty's forces and other persons to fit them for skilled armed services occupations and training under youth training projects and to provide for the expenditures thereunder and under vocational training agreements entered into in previous years—

196. Administration, $40,800.

Mr. Browne (St. John's West): I should like to draw the minister's attention to the report of his department for the year ending March 31, 1951. At page 63, and from there on, it is stated that agreements for apprenticeship training were in operation in all provinces except Newfoundland. Then again it is stated, with regard to youth training, that this division was in effect in all provinces but Ontario and Newfoundland, where it was confined solely to assistance to students. I notice that on page 68 it states that no classes were established in Newfoundland for youth training.

I know from experience that the vocational school could not accommodate all the persons who wanted to take advantage of the training. I know of one person in particular who wanted to take a course in diesel engineering, and he was told he would have to wait at least six months before he could be accommodated. Is there any provision for taking in more students or for the expansion of these facilities in Newfoundland this year?

Mr. Gregg: Last year we had $15,000 allotted for Newfoundland, and we spent $11,605. We will be glad to co-operate with the provincial government to make the training there as effective as possible this year.

Mr. Browne (St. John's West): May I ask what department of the provincial government you co-operate with? Is it entirely a federal office?

Mr. Gregg: No; the departments of education and labour, I think.

Mr. Browne (St. John's West): Is the same amount available this year?

Mr. Gregg: This is an allotment made up within the department after the main vote is broken down.

Mr. Browne (St. John's West): Does the minister believe any less will be allotted this year?

Mr. Gregg: No, I think it will be more.

Mr. Knight: I am interested in all forms of education, and am pleased to endorse the payment of federal moneys for the purpose of education. This, of course, is a branch of federal aid to education. It is a payment of moneys to the provinces earmarked for a specific purpose, namely education. I want to ask the minister one specific and direct question which he can answer equally specifically. Has this grant, in his opinion, in any way interfered with the provincial direction of education within the province?

The Chairman: Order. I do not think the minister should be called upon to give his opinion on the matter raised by the hon. member for Saskatoon in the debate on this item. Shall the item carry?

Mr. Knight: Mr. Chairman—

The Chairman: I do not think it is in order to have this question debated at this time on this item. The hon. member may ask a

question on the orders of the day, or some other time but not now.

Mr. Knight: On the point of order, I am not asking the minister's opinion. I withdraw that question. I am asking what the fact is, whether or not it has interfered with provincial autonomy over education within any province?

The Chairman: The question is put in other words, but it amounts to the same thing.

Mr. Knowles: The answer is no.

Mr. Goode: Will the minister give me a breakdown of the figures in connection with this item?

Mr. Gregg: Does the hon. member want the figures for all types of training?

Mr. Goode: No, just for vocational training.

Mr. Gregg: Under our youth training agreements for the fiscal year 1951-52, British Columbia was allotted $51,946.73. Under the vocational schools agreement, for the last fiscal year, the amount totalled $95,419.75.

Mr. Goode: Is there a construction grant?

Mr. Gregg: There is the apprenticeship training agreement which was for only $7,634. The capital expenditure on vocational schools was $31,000.

Mr. Gillis: Why not put those figures on the record for all those provinces to give us some idea of the breakdown.

Mr. Gregg: I think, Mr. Chairman, it would save time if I were to refer the hon. member to a reply given to the hon. member for Saskatoon on March 20, which appears in the record. The breakdown was given by provinces for the years 1949-50, 1950-51, 1951-52, and the totals, for all phases of federal-provincial training.

Mr. Knight: Was that not a sessional paper?

Mr. Gregg: That is right.

Mr. Gillis: Mr. Chairman, is it permissible to have that table put on the record and appear in *Hansard*? In any event, I should like to get a breakdown of the figures, similar to that given to the hon. member for Burnaby-Richmond a few minutes ago. I should like to see those figures for the four maritime provinces.

Mr. Black (Cumberland): I think the request by the hon. member for Cape Breton South is a reasonable one. I also ask that the figures be put on the record.

Mr. Gregg: The document in question comprises two pages, and if I have unanimous consent I am quite willing to put it on the record.

The Chairman: Is it agreed?

Some hon. Members: Agreed.

Mr. Gregg: The tables are as follows:

APPRENTICESHIP TRAINING

Province	1949–50	1950–51	1951–52	Total
	$ cts.	$ cts.	$ cts.	$ cts.
Prince Edward Island	.....	.....	.....	.....
Nova Scotia	44,748 83	33,410 46	21,221 22	99,380 51
New Brunswick	37,248 17	35,150 80	23,806 43	96,205 40
Quebec	.....	.....	.....	.....
Ontario	144,200 87	152,195 25	162,207 67	458,603 79
Manitoba	42,260 93	40,172 84	21,264 62	103,698 39
Saskatchewan	19,476 57	30,444 28	29,758 49	79,679 34
Alberta	91,011 11	114,954 72	116,514 44	322,480 27
British Columbia	21,546 65	22,478 40	5,283 32	49,308 37
	400,493 13	428,806 75	380,056 19	1,209,356 07

YOUTH TRAINING

Prince Edward Island	4,993 76	7,543 94	2,363 91	14,901 61
Nova Scotia	25,559 53	18,545 52	17,197 26	61,302 31
New Brunswick	34,098 85	37,607 15	21,485 91	93,191 91
Quebec	124,551 78	119,753 22	105,807 77	350,112 77
Ontario	60,000 00	60,000 00	60,000 00	180,000 00
Manitoba	17,763 08	13,157 93	8,321 29	39,242 30
Saskatchewan	34,844 50	35,393 39	29,739 00	99,976 89
Alberta	22,869 84	24,923 54	24,710 61	72,503 99
British Columbia	43,607 53	45,415 68	627 41	89,650 62
Newfoundland	.....	.....	6,900 00	6,900 00
	368,288 87	362,340 37	277,153 16	1,007,782 40

FOREMANSHIP AND SUPERVISORY TRAINING

Province	1949–50	1950–51	1951–52	Total
	$ cts.	$ cts.	$ cts.	$ cts.
Quebec	5,691 49	7,780 23	7,633 15	21,104 87
British Columbia	37 35	.....	.....	37 35
	5,728 84	7,780 23	7,633 15	21,142 22

RE-ESTABLISHMENT TRAINING

Schedule "K"—Training of Persons to fit them for the Armed Forces

Prince Edward Island	.....	.....	.....	.....
Nova Scotia	.....	.....	.....	.....
New Brunswick	15,946 89	14,252 35	10,167 73	40,366 97
Quebec	9,992 24	15,147 00	11,139 75	36,278 99
Ontario	23,132 50	1,085 00	5,593 08	29,810 58
Manitoba	5,089 50	6,411 91	14,070 36	25,571 77
Saskatchewan	15,025 50	19,194 34	315 09	34,534 93
Alberta	.....	.....	39,697 84	39,697 84
British Columbia	.....	.....	.....	.....
	69,186 63	56,090 60	80,983 85	206,261 08

Schedule "M"—Training of Persons to fit them for Gainful Employment

Prince Edward Island	.....	.....	.....	.....
Nova Scotia	108,088 19	115,473 05	78,540 47	302,101 71
New Brunswick	34,869 33	31,565 72	30,157 73	96,592 78
Quebec	.....	8,354 22	8,149 70	16,503 92
Ontario	.....	.....	.....	.....
Manitoba	25,361 46	19,814 56	14,137 76	59,313 78
Saskatchewan	20,550 08	25,946 62	26,756 96	73,253 66
Alberta	36,038 86	51,207 42	46,035 33	133,281 61
British Columbia	3,748 18	6,912 79	3,750 45	14,411 42
	228,656 10	259,274 38	207,528 40	695,458 88

Schedule "K2"—Training of Persons to fit them for Defence Industries

Prince Edward Island	.....	.....	.....	.....
Nova Scotia	.....	.....	25,433 14	25,433 14
New Brunswick	.....	.....	9,277 45	9,277 45
Quebec	.....	.....	.....	.....
Ontario	.....	.....	.....	.....
Manitoba	.....	.....	.....	.....
Saskatchewan	.....	.....	.....	.....
Alberta	.....	.....	2,856 67	2,856 67
British Columbia	.....	.....	.....	.....
	.....	.....	37,567 26	37,567 26

Schedule "L"—Vocational Training for Discharged Members of Canada's Armed Forces

Prince Edward Island	.....	.....	.....	.....
Nova Scotia	3,769 48	1,415 02	30 44	5,214 94
New Brunswick	10,519 19	1,866 93	1 73	12,387 85
Quebec	12,697 50	4,996 91	.....	17,694 41
Ontario	32,925 96	.....	.....	32,925 96
Manitoba	7,630 89	1,132 89	.....	8,763 78
Saskatchewan	9,224 96	897 25	.....	10,122 21
Alberta	9,553 26	2,163 33	12 70	11,729 29
British Columbia	9,230 43	1,819 44	33 99	11,083 86
	95,551 67	14,291 77	78 86	109,922 30

VOCATIONAL CORRESPONDENCE COURSES

Province	1949–50	1950–51	1951–52	Total
	$ cts.	$ cts.	$ cts.	$ cts.
Quebec	.....	2,160 10	.....	2,160 10
Alberta	.....	.....	4,569 36	4,569 36
British Columbia	.....	426 35	.....	426 35
	.....	2,586 45	4,569 36	7,155 81

VOCATIONAL SCHOOLS ASSISTANCE

Prince Edward Island	16,000 00	35,110 00	23,335 17	74,445 17
Nova Scotia	73,165 08	105,447 08	105,500 88	284,113 04
New Brunswick	102,700 00	92,700 00	92,700 00	288,100 00
Quebec	606,389 73	544,346 10	603,000 05	1,753,735 88
Ontario	589,000 00	589,000 00	589,000 00	1,767,000 00
Manitoba	37,842 18	204,507 48	71,671 17	314,020 83
Saskatchewan	138,773 08	173,563 94	198,080 09	510,417 11
Alberta	143,800 00	143,800 00	143,800 00	431,400 00
British Columbia	130,983 15	128,707 94	115,988 92	375,660 01
Newfoundland	.....	65,708 28	49,227 54	114,935 82
	1,838,653 22	2,082,890 82	1,992,283 82	5,913,827 86

PAYMENTS TO THE PROVINCES FOR CAPITAL EXPENDITURES FOR VOCATIONAL SCHOOLS, BUILDINGS AND EQUIPMENT

Prince Edward Island	3,248 96	9,890 13	3,677 37	16,816 46
Nova Scotia	209,409 59	154,322 94	17,656 09	381,388 62
New Brunswick	354,869 79	17,896 61	60,233 60	433,000 00
Quebec	179,746 64	169,712 80	117,689 21	467,148 65
Ontario	344,260 75	369,675 23	221,297 07	935,233 05
Manitoba	153,741 37	88,806 38	8,947 90	251,495 65
Saskatchewan	181,290 05	201,432 35	78,410 86	461,133 26
Alberta	237,548 51	136,530 35	8,177 66	382,256 52
British Columbia	392,189 72	6,341 95	551 75	399,083 42
	2,056,305 38	1,154,608 74	516,641 51	3,727,555 63

GRANTS TO FRONTIER COLLEGE, TORONTO, ONTARIO, TO PROMOTE CITIZENSHIP AMONG MIGRATORY WORKERS ACROSS CANADA

	1949–50	1950–51	1951–52	Total
	$ cts.	$ cts.	$ cts.	$ cts.
Canada	5,000 00	5,000 00	5,000 00	15,000 00

Mr. Noseworthy: I think I should say that I have nothing but praise for the work of the department in connection with its vocational and educational assistance. I wanted to ask the minister what rule the department followed for determining when a secondary school is a vocational school and when it is not, particularly in the case of a composite secondary school.

[Mr. Gregg.]

Mr. Gregg: Mr. Chairman, we take the definition made of the authority which is primarily responsible for education, namely the provinces.

Item agreed to.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Mr. H. W. Winkler (Lisgar): Mr. Speaker, with unanimous consent I move the second reading of the following bills:

Bill No. 215, for the relief of Irene Mary Johnson Muirhead.—Mr. Winkler.

Bill No. 220, for the relief of Vera Kathleen Martin Lightfoot.—Mr. Winkler.

Bill No. 300, for the relief of Albert Chevalier.—Mr. Winkler.

Bill No. 302, for the relief of Roland Lesage.—Mr. Winkler.

Bill No. 311, for the relief of Joseph Timothy O'Connor.—Mr. Winkler.

Bill No. 312, for the relief of Victoria Elias Abdelhay.—Mr. Winkler.

Bill No. 313, for the relief of Margaret Edith Grace Batt Trent.—Mr. Winkler.

Bill No. 314, for the relief of Pearl Abramovitch Hoffman.—Mr. Winkler.

Bill No. 315, for the relief of Lily Sperling Kofsky.—Mr. Winkler.

Bill No. 316, for the relief of Jean Isobel Taylor Cuffling.—Mr. Winkler.

Bill No. 317, for the relief of Charles William Ledger.—Mr. Winkler.

Bill No. 318, for the relief of Benjamin Gordon Church.—Mr. Winkler.

Bill No. 319, for the relief of Laura Juliette Aubert Macdonald.—Mr. Winkler.

Bill No. 320, for the relief of Jean Lesly Macfarlane Cameron.—Mr. Winkler.

Bill No. 321, for the relief of Sarto Desnoyers.—Mr. Croll.

Bill No. 322, for the relief of Jean Marc Duckett Audet.—Mr. Winkler.

Bill No. 323, for the relief of Eugene Cote.—Mr. Winkler.

Bill No. 324, for the relief of Jean Baptiste Armand Michaud.—Mr. Winkler.

Bill No. 325, for the relief of Anna Lapinska Cholewicki.—Mr. Winkler.

Bill No. 326, for the relief of Alexander William Hyndman.—Mr. Winkler.

Bill No. 327, for the relief of Vivian Mary Dickson Stewart.—Mr. Winkler.

Bill No. 328, for the relief of Stanley Baker Smith.—Mr. Winkler.

Bill No. 329, for the relief of Rebekah Ellinor Conley Burman.—Mr. Winkler.

Bill No. 330, for the relief of Allan Gowans.—Mr. Winkler.

Mr. Stanley Knowles (Winnipeg North Centre): I did not object at this stage of the session to the request of the hon. member for Lisgar that this group of divorce bills be given second reading on one motion, though it is my normal disposition to object to such a request.

Mr. Harris (Grey-Bruce): To everything.

Mr. Fournier (Hull): It is a habit.

Mr. Knowles: It so happens that at least the evidence in connection with all these cases has been printed and distributed, but I doubt whether all the evidence in connection with these cases has been read by all hon. members. In fact I have not had a chance to read many of these myself, even if I wanted to. I did note, however, that two of them, Bill No. 324 and Bill No. 325, appear to have been contested; and as I understand it one of these, if not both, will be contested before the committee of this house to which these bills will be referred. In other words, in allowing the bills to go through at this stage, it is with the reservation that any of these bills that are contested in committee would be subject to further examination on our part when they come back to the committee of the whole house.

At the same time, Mr. Speaker, I wish to register once again my continuing protest against the fact that we are still handling divorce bills in this way in the parliament of Canada. I am completely convinced that this is not the place for these bills that are now before us, or for any other divorce bills, and more and more it is clear that the people of Canada feel that way about it. I hope that as we continue to voice that protest consideration will be given to the finding of some other way to deal with them. One dares to hope that we are coming close to the end of the number of these bills we shall have to deal with at this session. I express the hope as strongly as I can that between the end of this session and the beginning of next session the government and others will give consideration to finding some other way of dealing with these bills.

As I have indicated on previous occasions, if an alternative way to the method that I have suggested—

Mr. Deputy Speaker: Does the hon. member think he is in order when he discusses on second reading the procedure by which these bills are examined by a committee of the Senate and the procedure by which he thinks they should be examined? I hope he will bring his remarks to a close.

Mr. Knowles: That is a debatable point, Mr. Speaker, but there is one thing we agree on, namely that I am just about through.

Mr. Stick: Nobody will find fault with you on that.

Mr. Knowles: It is good to receive approval once in a while even from one's political enemies in this house. I was simply pointing out that I did not feel that these particular bills for which Your Honour has put a motion for second reading should be here, and perhaps I was digressing. To end what I was saying, I do not think any other divorce bills should be here either, and I hope some way will be found to deal with them in another manner before the next session rolls around. I am sure hon. members do not want them here next session, and I am sure they do not want some of us to have to spend the time on the bills in the earlier part of next session that will be necessary if some other way of dealing with them has not been found.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I hope I am in order; I always try to be. I do want to take exception to Bills Nos. 324 and 325. Through you, Mr. Speaker, I should like to point out that, to his credit, the hon. member for Kamloops (Mr. Fulton) has endeavoured to bar obscene literature from this country. I want to ask you, Mr. Speaker, if you have read this evidence. I should like to quote it to this house. I am sure I would be in order if I attempted to do so. I read very few of these cases. The only ones I read are the ones that are sent to me by the hon. member for Winnipeg North Centre. Any that he does not like to read he sends to me and I read them.

We talk about obscene literature; but this evidence that is sent out at government expense to members of parliament is obscene. I want to point out to you, Mr. Speaker, that the morals of some of our junior members from Manitoba should not be open to corruption in that way. This is sent out at government expense. While the hon. member for Kamloops, to his credit, has suggested that legislation should be introduced to bar obscene literature coming in from the United States, yet we publish this evidence.

Mr. Deputy Speaker: Order. The hon. member is not speaking to the second reading of these bills.

Mr. W. J. Browne (St. John's West): Before these bills are given second reading I should like to say that on looking through them I notice one is different from the rest. I refer to Bill No. 311. This is not a divorce bill strictly speaking. It is an application for an annulment. The reason for the annulment is set out in the petition, in the evidence and in the bill that the marriage was never consummated. I feel that I should make a reservation in opposing the second reading of the other bills by saying I am perfectly willing to consent to this one.

I should like to draw attention to the remarks of the hon. member for Fraser Valley, and state that in my opinion the Senate is doing a very useful job in suppressing the sale of obscene and indecent literature.

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

BOUNDARY PIPELINE CORPORATION

The house resumed, from Tuesday, June 10, consideration in committee of Bill No. 62, to incorporate Boundary Pipeline Corporation —Mr. Larson—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. Sinnott: Mr. Chairman, it is not my intention to speak tonight on this bill, letter O of the Senate, to incorporate Boundary Pipeline Corporation, for the purpose of talking out the bill. Hon. members on the opposition side of the house were complaining that the Liberal members were reluctant to debate this pipe line bill. However, I have no hesitation in letting the house know how I feel toward it.

The first fuel used in Winnipeg, Mr. Chairman, was wood. The cost at that time was mostly the cost of transportation.

Mr. Brooks: Look out for your head.

Mr. Sinnott: The same applies now to lignite coal, which is mined in Saskatchewan. The same can be said of the coal we are importing from Alberta. Freight rates have risen to the point where at the present time it is almost impossible or prohibitive to carry on industry and to supply heating facilities. For instance, in cities like Calgary, Edmonton and Medicine Hat the use of cheap natural gas has been a virtual boon to industry. The Boundary Pipeline Corporation should be commended for its proposal to bring natural gas to the people of Saskatchewan and Manitoba, thus enabling the cities I have mentioned to prosper and look forward to a great future.

Many hon. members of the opposition have talked about an all-Canadian route. Last year I supported the all-Canadian route of a pipe line to Vancouver, for which a charter was granted. Work is well under way at the present time, and it is expected to be completed by 1954. As I said, there has been much talk about an all-Canadian route. As indicated in report No. 4 of the minutes of proceedings of the standing committee on railways, canals and telegraph lines, which deals with this bill, it was moved by the

hon. member for Fort William that an amendment be made to section 6 of the bill, which deals with the power to construct and operate a pipe line—

—within the provinces of Alberta, Saskatchewan and Manitoba or outside Canada construct, purchase, lease or otherwise acquire—

And so on. The hon. member for Fort William moved an amendment:

That paragraph (a) of clause 6 be amended by inserting after the word "lines" in line 23 thereof the words: provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada.

Hon. members will see, as it is set out at page 108 of the proceedings of the committee, this amendment was accepted by a vote of 15 to 7. In view of what has been said I should have thought the hon. member for Brandon, who I am sorry is not in his seat this evening, would certainly have made a plea on behalf of the people and the industry of that great city to have the charter of this pipe line bill approved by parliament so the citizens of Brandon, in general, would have the benefit of natural gas.

Then, coming farther east to Winnipeg, I would have expected that that great free enterpriser, the hon. member for Winnipeg South Centre, would have been on his feet working for the city of Winnipeg, that great industrial centre, and would have made his contribution to encourage the building of a natural gas pipe line which would serve the city and his constituents.

An hon. Member: What about Portage la Prairie?

Mr. Sinnott: Portage la Prairie will speak for itself. Surely a matter of such great importance cannot be overlooked at this time. Those of us in the west who are fortunate enough to have this great natural resource should make an all-out effort to develop it and make cheap natural gas available for industrial purposes and the heating of private homes in Saskatchewan and Manitoba, for the benefit of our constituents.

I ask hon. members to give their sanction and approval now to the passage of this bill, thus enabling the people of Manitoba and Saskatchewan to obtain as soon as possible this cheap means of heating. The citizens of Winnipeg, the citizens of the whole of Manitoba, those of the town of Beausejour, which is the hub of activity in the constituency I have the honour to represent, and also the people in Pine Falls, which is the centre of the Manitoba pulp and paper industry, will certainly welcome this great industrial and heating fuel. Natural gas will improve and develop the industry now located in Pine Falls. The export of paper from this company to the United States represents almost a third of Manitoba's total budget.

Mr. Brooks: Whoever wrote that speech is a clever fellow.

Mr. Sinnott: And you are looking at him, right now. As the source of supply gets greater, certainly there will be a possibility in the future of extending the gas pipe line to Ontario and Quebec. But surely, for the good of Canada, we cannot afford at this time to hold back industry in Saskatchewan and Manitoba. Any attempt to conduct a filibuster on this bill would have the effect of creating a monopoly for other pipe line companies which have already been granted charters, and would thereby prevent the company now making application from competing. It would have the effect of eliminating from the field what might very well be a most competent company and one highly capable of carrying on this great enterprise, which would result in placing natural gas at the disposal of the people of Saskatchewan and Manitoba.

The board of transport commissioners and the Alberta conservation board will have the opportunity to look thoroughly into the economic aspects of this pipe line. Our action now in passing the bill would give the company an equal opportunity to place the facts before the board of transport commissioners so that body might look into all aspects of the matter and the details of the company's organization.

On June 10 I asked the hon. member for Huron North a question. I am sorry he is not in his seat tonight, but he will have to accept the responsibility for that. I asked him how many cubic feet of gas the proposed pipe line would carry. His answer, as reported at page 3098 of *Hansard*, was as follows:

Mr. Cardiff: I would say just about as many as the hairs on the hon. gentleman's head. If we could count the hairs on his head, we could pretty nearly tell how many.

Mr. Noseworthy: Whose head are you talking about?

Mr. Sinnott: What a silly, stupid answer! It shows plainly how unqualified the hon. member for Huron North was to speak on a subject of this kind—

Mr. Brooks: What a silly, stupid head.

Mr. Sinnott: —when he knew nothing about it. Then, again, he referred to raising his sights to build Canada first. Well, most certainly Manitoba and Saskatchewan are part of Canada. We in the west do not oppose the great industries in the east; but we do want to have the opportunity to develop our natural resources out there. If we were to follow the suggestion of the hon. member for

Huron North, the great natural gas industry would not be developed in the next thousand years.

I shall now answer the question I asked the hon. member just to show what he knew about the pipe line. Evidently he did not know anything about them. It is estimated the natural gas carried by this pipe line in the first year will be 42,400,000 cubic feet per day. In the second year it is estimated it will be 50,900,000 and in the third year of operation 63,830,000. With the growing population and the increased industrial activity, it is expected that it will be greater from year to year. Again I ask my hon. friends opposite, and especially the hon. member for Vancouver-Quadra and the hon. member for Fraser Valley, to give the people of Manitoba and Saskatchewan an opportunity to use this important commodity of natural gas which will make industry in the west prosper for future generations. Last year I was interested in an all-Canadian route for a pipe line going to Vancouver and I helped all I could in a project that would benefit the west coast. I am asking hon. members in all sincerity to support this pipe line which will benefit the citizens of Winnipeg and Manitoba and assist to develop industry in that territory. We helped you, so we ask you to help us and in doing so I am sure that by working together we can make this a better Canada.

Mr. Fulton: Mr. Chairman, I am certain you will agree that the eloquent plea of the hon. member for Springfield should not go unanswered. It is because we in all parts of Canada are anxious to work for the benefit of Canada in connection with these pipe lines that we feel this particular company should not be granted a charter. I would point out to the hon. member for Springfield that this is not the only company proposing to serve Manitoba and Saskatchewan.

Mr. Sinnott: I told you that.

Mr. Fulton: I am glad the hon. member got one thing right. The Trans-Canada company intends to serve not only Saskatchewan and Manitoba but Ontario and eastern Canada. The benefits to be derived from such a pipe line should not be confined to Saskatchewan and Manitoba; if possible they should be extended to Ontario and Quebec. If the hon. member agrees with that, and I think surely he will; if he admits that the granting of a charter to this company, with accompanying permission to export gas, will prevent Ontario and Quebec from being served, whereas permission to export to the Trans-Canada company would permit them to be served along with Manitoba and Saskatchewan, then I would hope he would vote against this bill. I would hope he would agree with us and oppose the granting of this charter and support a proposition under which it is intended to serve the whole of Canada.

The controversy surrounding this bill is the historic controversy we have had in Canada for many years, namely whether our natural resources should be used to serve Canada first or whether they should be exported to the advantage of the economy of another country. We are suggesting that the resources of Canada should be used for the benefit of Canada first, including Manitoba and Saskatchewan as well as eastern Canada and British Columbia, whereas the government says—

The Chairman: I think the hon. member is embracing a rather wide field, and I submit his remarks should be more relevant to this particular section, which deals with the incorporation of the company. As I have said before, eight hours have been devoted to a general discussion of this bill on the first clause and I think the remarks of hon. members should be confined to this particular section and not the wider problem as enunciated by the hon. member.

Mr. Fulton: Mr. Chairman, I know that two wrongs do not make a right and I do not like to argue along that line, but may I point out that the line of discussion I am following is exactly that which has been followed in discussing section 1 for many days. It is very difficult when a particular line of discussion has been followed in the past to be told that now we must confine our discussion to the persons who are going to form this company. It would be most difficult to intelligently debate the matter at this stage. I would suggest for your consideration that the discussion having been of a general nature on section 1, once that general discussion is finished probably the other clauses will pass without much debate. Actually the whole bill is being debated at this stage.

The Chairman: The hon. member is right in indicating the lines along which the discussion has been conducted, but if he will read the debate which has been continuing on several occasions since May 2—I may say that I have read it—he will notice that from time to time I have pointed out that the discussion should not be so wide. Considerable latitude may be given during the course of the discussion on the bill and an hon. member may feel that he should be given the same latitude. I was hoping that the discussion from now on would be more

relevant to the section. Perhaps I should point out to the committee what I said on June 10, as reported on page 3102 of *Hansard*:

> All that we should be considering at the moment is the bill before the committee. May I take advantage of this opportunity to say that a general discussion has taken place on the first section of this bill during the last twelve hours during which private bills could be considered. We have spent almost eight hours in a general discussion of that section. I think it will be admitted that so far hon. members who have taken part in this general discussion have been allowed ample latitude, and I think from now on the rules should be observed. I am sure hon. members will want to co-operate in observing the rules and will speak directly to the bill.

That is exactly what I am asking of hon. members tonight.

Mr. Green: Mr. Chairman, on the point of order, I do not think there can be any question that the hon. member for Kamloops is in order in speaking on the merits or demerits of this bill. The fact is that his remarks have been much more along that line than the remarks of many other hon. members. I suggest to Your Honour that he has not said one word which is out of line with the discussion that could properly take place on this section.

There is a significant feature to Your Honour's remarks which I think is quite serious and which should be given a little further consideration by Your Honour. You have referred to the time that is supposed to have been taken in the discussion of this measure, and have intimated that because of that there should be a change in the privileges accorded to hon. members who may speak from now on. I think that is an unsound and dangerous principle to adopt, if at a certain stage the presiding officer is to be able to say, "We have had so many speeches, so from now on no one can speak; or anyone who does can speak only along certain lines." That would indicate that the rights of members of this house are being very seriously curtailed.

The Chairman: May I interrupt the hon. member to assure him that if I mentioned the number of hours which have been spent in discussing this first clause it was not to indicate to hon. members that they had spent what one might consider too large an amount of time on that clause. That is up to hon. members. It was merely in connection with the other point I raised, namely that ample latitude has been given.

I think hon. members will agree that during the eight hours taken up to this time we have had a very wide discussion. The point I want to bring forward is that ample latitude has been given. I think hon. members will be reasonable enough to agree with me that, since the discussion was very wide during those eight hours, it is not unreasonable on the part of the chairman to ask that from now on hon. members direct their remarks in a manner which will be more relevant to the bill. That is the point I had in mind.

When the hon. member says the hon. member for Kamloops has not said a word so far that is out of order I beg to differ with him. The hon. member for Kamloops indicated that he was going to speak on what he called the problem of the exploitation of our natural resources and the way they were going to be exploited, and that he intended to show the difference which existed between the views of his group and those of the government. I am sure he used the word "government". I have not the typewritten copy of *Hansard* before me but I will have it in a few moments, and I am sure that is exactly what he said. It was at that moment I intervened because I did not want to have the discussion continue in the manner in which it was conducted on previous occasions. On another occasion when the hon. member for Peace River, or perhaps it was the hon. member for Vegreville, was speaking I pointed out that I did not think we should have a discussion on this bill of the various policies that may have been enunciated from time to time either by the Social Credit party in Alberta, the Liberal party in Ontario or Quebec, the Conservative or Liberal parties at Ottawa, or any other parties that may exist in Canada. I do not think it is relevant to the bill. The hon. member made a passing reference to that, and I think more than passing references have been made by various speakers who have taken part in the debate. It was at that point I intervened and asked the hon. member to direct his remarks to the bill.

Mr. Green: In discussing this bill an hon. member is surely entitled to deal with the policy which was explained to the committee on railways, canals and telegraph lines by the representatives of this group of men who are applying for a charter. That is all the hon. member has been doing.

The Chairman: If I may interrupt again, I should like to say if the hon. member for Kamloops is merely discussing the policy which was explained by the witnesses who appeared before the committee that considered the bill I think he is perfectly in order, but certainly he cannot discuss that by showing the difference between government policy and the policy of the other parties.

Mr. Green: Your Honour also said in your remarks of the last few minutes that there

has been ample discussion of this measure. I submit to Your Honour that is going very far for a presiding officer.

The Chairman: Order. I do not think the hon. member understood exactly what I meant. I did not mean to say that there had been ample discussion. What I meant was that there had been ample discussion out of order. That is the point.

An hon. Member: Quite a difference.

The Chairman: Perhaps the hon. member's remarks would be more relevant as far as the conduct of the chairman is concerned if he were to say that the chairman has been remiss in his duties in not calling hon. members to order more often since the discussion of this clause began.

Mr. Green: I do not say that.

The Chairman: I do not think the hon. member feels inclined to do that but I would not want him to feel inclined the other way either.

Mr. Cruickshank: On the point of order—

The Chairman: The point of order is now decided. The hon. member for Kamloops.

Mr. Cruickshank: Mr. Chairman, am I not allowed to speak to the point of order?

The Chairman: That point of order has been decided.

Mr. Cruickshank: Then I will raise a new point of order. Surely in this day and age a member is entitled to raise a point of order. I have not spoken on this particular bill yet, and possibly I will speak either for or against it. I might be for it, but I have not spoken either one way or the other yet. On the point of order, Mr. Chairman, I know my Beauchesne probably as well as the rest do, and I know that a member has the privilege on a point of order to get up and demand his rights. If I am not entitled to speak either for or against the bill I should like to know under what section that ruling is made.

The Chairman: The hon. member has not stated a point of order. The member who has the floor at the moment is the hon. member for Kamloops. I intervened to call him to order.

Mr. Cruickshank: On no grounds.

The Chairman: That is a different proposition. The hon. member may have his own opinion, but it just so happens that the chairman has a different one. In any event the fact is that I called the hon. member for Kamloops to order, that point has now been decided, and he has the floor.

Mr. Fulton: Mr. Chairman, I think I grasp the point of order you have raised, and I shall say no more about it except to say that I may have used the words "government policy" and if so I assent to your correction. The purpose of my remarks was to indicate the basis upon which I oppose the bill and why, therefore, I consider that the gentlemen applying for incorporation under the clause we are discussing should not be granted that incorporation. That was the purpose of the remarks I was making, and I take it from what Your Honour has said that, provided I do not get into the wide field of controversy as to the different views on the general subject of the exploitation of our resources, I am nevertheless in order in saying, with respect to the way it is proposed that this particular pipe line shall go, why I feel these gentlemen should not have their incorporation.

That is what I shall endeavour to do for the remainder of the time which I had intended to speak this evening. It is because this company, according to the evidence its sponsors gave before the standing committee on railways, canals and telegraph lines, intends to export the gas which they would carry to Winnipeg south to the United States instead of carrying it eastward in order to serve the eastern provinces that I am opposed to its incorporation. In that connection the considerations before the committee are very much the same as those which were before the committee on earlier occasions when pipe-line incorporations were being debated. I wish to point out and emphasize at this stage that the reasons which induced me and others on this side of the house, the hon. member for Fraser Valley and anyone else who may be opposed to the bill, to oppose it are not simply because the company intends to export what may be a surplus of gas, although I think I should observe that the question of whether there will be a surplus is by no means settled. It is not simply because they intend to export what they might claim to be a surplus of gas that we oppose them. It is because they intend to export it to the United States in such a way as to deny the use of that gas in perpetuity to the people of eastern Canada who have shown very clearly that they want and need the gas.

It is on the basis of the principle, therefore, that Canada's resources should be used for the benefit of Canada first that we stand squarely opposed to the incorporation of this company. It is the same policy exactly as that in connection with our opposition to the incorporation of companies in earlier years which had expressed their desire to export gas to the United States to the prejudice of Canada. What we say is that there should be

no denial of the export of surplus gas after Canada's needs have been met, but that we should rather follow an active policy of development of the Canadian economy by using Canada's gas and other resources so as to give employment and opportunity to Canadians.

There is a very interesting development, Mr. Chairman, which has taken place in connection with this whole gas pipe-line controversy as is shown by the discussion now going on before the board of transport commissioners. It has already been pointed out to Your Honour and to the committee that the gentlemen who are seeking to be incorporated here are connected with, and the company will be a subsidiary of, the Fish Engineering Corporation of the United States. Your Honour will remember that two years ago we incorporated another natural gas pipe-line company, namely Westcoast Transmission Company Limited. That company is now before the board of transport commissioners here in Ottawa seeking a permit to carry natural gas through this line from the northern Alberta and Peace river area, through northern British Columbia, down through the centre of our province to Vancouver and on to Seattle and Portland.

It is interesting to note, Mr. Chairman, that one of the companies which had also sought incorporation for the same purpose—that is, to carry gas west—a company called Prairie Transmission Lines Limited, was a subsidiary in the same way of the Fish Engineering Corporation. It is further interesting to note that the Fish Engineering Corporation, having failed to get this company incorporated to carry that gas, is now before the board of transport commissioners in Ottawa opposing the application of the Westcoast Transmission Company Limited. I point that fact out to hon. members—and particularly to the hon. member for Springfield—who have urged that we do not take what they call a small view with regard to denying the export of natural gas to the United States. I point out to them that this company, having failed in its own application to get a company incorporated earlier for the transportation of gas in western Canada, is now before the board of transport commissioners seeking by every means within its power to prevent the Westcoast company from getting on with that job which would be to the tremendous benefit of our province.

For the benefit of the committee I think I should read a report on this matter appearing in the Vancouver *Sun* of Wednesday, June 11. It is headed "From the Vancouver *Sun* Ottawa Bureau" and reads:

A sharp word battle developed before the board of transport commissioners today as a U.S. firm tried to block Vancouver's chances of getting natural gas from Alberta and B.C.'s Peace river.

The debate occurred during hearing of the Canadian-owned Westcoast Transmission Company's application to build a 700-mile gas pipe line to Vancouver from northwest Alberta through central B.C.

Opposing the application is the Pacific Northwest Pipeline Company which wants to pipe gas from Texas to American cities in the Pacific northwest.

That is the Pacific Northwest Pipeline Company which is the subsidiary of the Fish Engineering Corporation. The article continues:

This company would not service B.C.'s lower mainland.

Westcoast Transmission has offered to continue its pipe line south to Seattle, Portland and other U.S. centres. It was admitted the American market must be secured if the pipe line is to be built at all.

Several sharp exchanges between D. P. McDonald, Q.C., of Calgary, appearing for Westcoast, and S. Bruce Smith, Q.C., of Edmonton, spokesman for Northwest, featured the morning session.

I do not want to read the whole of this article, Mr. Chairman, but perhaps it is better to put it in the words of the article here because the tone will appear more clearly:

When A. Bruce Robertson, B.C. Electric vice-president, testified that the BCE was willing to distribute natural gas in Vancouver, New Westminster and Victoria areas for Westcoast, Smith jumped to his feet.

"Does Westcoast have contracts with gas distributing utilities in Seattle, Portland, Tacoma and other cities in that region?" he wanted to know.

McDonald interjected that letters of contract from the American utilities would be submitted to the board, to the obvious surprise of the Northwest representative.

Then acid words were exchanged as McDonald hammered at the fact that Prairie Transmission Limited, nominally represented by Smith at the hearing, was "100 per cent owned by Pacific Northwest Pipelines."

Dr. Charles R. Hetherington of New York, natural gas expert for the pipe line firm of Ford, Bacon and Davis, said that if the Northwest company blocked Westcoast from the Washington-Oregon markets, "Vancouver would be without (natural) gas."

When Smith snorted audibly, Hetherington repeated his statement, adding: "Canada would be without the benefits of the explorations of natural gas in the Peace river sections of Alberta and British Columbia."

The point of this, Mr. Chairman, it seems to me is clear. Here is a case where a Canadian company, Westcoast Transmission Company Limited, which proposes to serve Canada first, is admittedly dependent for the whole success of its enterprise on getting into the United States market of the northwest states. As soon as its own company was defeated in an effort to pipe natural gas to the United States, this Fish Engineering Corporation announced it was going to bring gas into the northwest states from Texas and thus block the efforts of the Westcoast Transmission Company Limited. That is what we can see now. This is the attempt we see being made

before the board of transport commissioners in accordance with the report which I have just read. It seems to me—

The Chairman: Order. May I ask the hon. member whether the application of the Westcoast Transmission Company Limited has been decided upon by the board of transport commissioners?

Mr. Fulton: Not yet.

The Chairman: Therefore the matter is sub judice and the hon. member should not deal with it. May I say I am sorry to interrupt the hon. member.

Mr. Fulton: Mr. Chairman, I do not want to get into a controversy with you as to the meaning of the doctrine of sub judice. I am not discussing the merits of the application of Westcoast Transmission Company Limited, as they are being argued before the board. I am simply drawing to Your Honour's attention the arguments which are being put up before the board by somebody opposing that application, namely a company which is a subsidiary of the same company which is now applying for incorporation of this company in Canada. I am pointing out to Your Honour—

The Chairman: The hon. member will agree that the line is rather hard to draw. If he were the presiding officer, and if reference was made to a matter that was before a court or a board such as the board of transport commissioners, I think he would point out that it has been the rule in this chamber that hon. members may not refer to such matters.

Mr. Fulton: I think Your Honour will agree that it is permissible to point out, without comment, that the application of this Canadian company is being opposed by a company which is a subsidiary of the Fish Engineering Corporation, the same company which now asks through another subsidiary for incorporation of this Boundary Pipeline Corporation before the committee. I think Your Honour would agree that it is permissible to point out that fact. I hope Your Honour will agree—and I will go carefully so Your Honour can stop me if you think I am overstepping the mark—that it is permissible to point out that the company opposing Westcoast, which is the same in effect as the company now trying to get this application through, is seeking to do that by denying to Westcoast the United States market in the Pacific northwest without which Westcoast's enterprise or operation would be uneconomical. I just want to point out and stress this fact and leave the matter there, because I think it is that fact that Canadians should bear in mind when they have before them an application, as we have here in this committee, by that very same subsidiary of that same Fish Engineering Corporation, to incorporate this Boundary Pipeline Corporation which would again export gas to the United States and would have the effect of permanently denying Alberta gas to Ontario and Quebec.

I have already dealt with the fact that the reason we are opposed to this application is not that we are opposed to giving gas to the prairies, particularly to Saskatchewan and Manitoba but, as is indicated clearly from the discussion, that there will be only one pipe line carrying gas eastward, and if that pipe line goes down into the United States from Winnipeg it means that gas will never reach the eastern provinces of Canada.

In this connection I think it is interesting to recall that the argument taking place here is the old argument which took place in connection with the Canadian Pacific Railway, except it is that argument in reverse. Hon. members will recall that in those days, when the construction of the Canadian Pacific Railway was being mooted, it was suggested that the railway should not be built north of the great lakes but that instead United States railways south of the great lakes should be used for moving goods and passengers from Canada's eastern seaboard to the western portion of our country, and that only west of the great lakes should the line go north and be built in Canada. Today we have a case where history is reversing itself. In those days it was the east which was going to build the west. Here we have a case in connection with gas where the west is able to make a contribution to the east, and the east is looking with anxious eyes to the bringing of this resource down here from the west. It is the reverse of the old position.

We find some people in this house, however, still supporting the old argument that Canada's resources should be sent down into the United States. We, on the contrary, say that the line, just as was said in connection with the railway, must be built north of the great lakes through Canada first so as to serve Canada. Then if there is any surplus left by all means let us export it south of the border. It is interesting to recall that the same principles which applied in connection with the railway debate, and which I submit were valid at that time, are equally valid at this time—indeed, have more application—and that we from the west should be just as insistent that the resources of Canada now in the west should be brought down to serve the east, just as most patriotic Canadians were that the railway coming from

the east to the west should be built through Canada first. We in western Canada, and British Columbia particularly, have good reason to oppose the incorporation of this line which will work to the detriment to our friends in Ontario and Quebec, because those who recall past debates—the member for Fraser Valley, the member for Vancouver-Quadra and those of my friends in the C.C.F. party to my left—will recall that we had a full measure of wholehearted co-operation from the members from Ontario and Quebec last year in our effort to secure the movement of gas and oil to western Canada through the incorporation of companies which would serve Canada first instead of sending it to the United States to the detriment of our province.

I recall that we had support from the hon. member for Labelle, the hon. member for Three Rivers, the hon. member for Huron North, the hon. member for Greenwood, the hon. member for Broadview, the hon. member for Victoria, the senior member for Queens, the hon. member for York South, the hon. member for St. John's West, the hon. member for Royal, the hon. member for Cape Breton South, the hon. member for Hastings-Peterborough; the leader of this party, the hon. member for Carleton; the hon. member for St. John's East, as well as many others. I do not think we would be showing any sense of gratitude if now, when they are so vitally interested in getting western gas into Ontario and Quebec, we were not to support their position but were to allow the incorporation of this company which will ship the natural resource down into the United States so it can never be obtained in eastern Canada.

I am impressed, Mr. Chairman, with something that no member can overlook in connection with this debate, a fact which admittedly has been referred to on several previous occasions but which it does not hurt to remind ourselves of again, namely that the responsible authorities in Ontario and Quebec have made it clear that they are very anxious now to have that gas. They feel that the only way they can be assured of a supply of gas is to have Alberta gas piped down here. I pointed out earlier in my remarks the tactics pursued by this United States company when their own interests are at stake, and the way they are opposing the application of the Westcoast Transmission Company to serve the British Columbia area. I suggest to you, Mr. Chairman, if they will resort to those methods in this case there is no reason for us to suppose that United States companies would make any deal which would guarantee to Ontario and Quebec a supply of gas from the United States.

If the supply of gas from Alberta to Ontario and Quebec is denied, then the only place they can look is to the United States. It is obvious from what has happened in the United States federal power commission, as well as the tactics of some of these United States companies, that Ontario and Quebec would not be on safe ground in relying on an agreement being reached to obtain a supply of gas from the United States. We find the Ontario minister of mines saying, as reported in the press of January 22:

> . . . our policy is going to be to encourage a trans-Canada pipe line both as a source of fuel for Ontario and Quebec and as a national defence safeguard.

And then he went on to say:

> We see no other answer than an all-Canadian pipe line.

Then I submit that hon. members in this house should, without question, reject an application for incorporation such as we have before us today which would deny Ontario the supply of gas which is so vital.

I do not want to forget, either, that the premier of Quebec, who after all in this connection is the spokesman for the province, has said much the same thing with regard to the interest of his province in obtaining a supply of gas from western Canada. This is what the premier of Quebec said on March 29, according to the Montreal *Star*:

> Quebec was in favour of importing natural gas from Alberta rather than from Texas, he said, to support Canadian industry . . .
>
> The premier said nothing had yet been decided as to whether pipe lines would be built or not into Quebec province. But he said, if natural gas is to be imported it will not be United States gas.
>
> The premier said Quebec preferred to import gas from Alberta because it was preferable to support a Canadian industry, not subject "to a foreign authority."

So as I say, when we from the west—

The Chairman: Order. It being nine o'clock, shall I report progress and ask leave to sit again?

Mr. Larson: Mr. Chairman, on a point of order, the hon. member has made the allegation several times that this company is a subsidiary of the Fish Engineering Corporation. This is not the case, and I feel that the hon. member should bring forward evidence to support his claim.

The Chairman: The hon. member has not raised a point of order.

Section stands.

Progress reported.

Mr. Deputy Speaker: The hour for private and public bills having expired, the house will resume consideration of the business which was interrupted at six o'clock.

SUPPLY

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

DEPARTMENT OF LABOUR

197. Training payments to the provinces, $4,027,000.

Mr. Browne (St. John's West): On this item, Mr. Chairman, has the minister the amount that was allotted for Newfoundland, and how much was spent?

Mr. Gregg: The allotment last year for Newfoundland was $65,800, and the total payments out of that allotment were $49,227.

Mr. Goode: I want to point to the situation in British Columbia where the provincial government, with all compliments to the minister, in co-operation with the federal government have established a vocational training institute in the city of Vancouver. I do not intend to say anything about that institute because it is doing a tremendous job; but I do point out that all the province of British Columbia is not situated within the confines of the city of Vancouver. We in Burnaby, a community of 60,000 people, consider that we should have some vocational training facilities of our own.

In 1951 the number of pupils enrolled in the institute in Vancouver was 5,517. Because of the good work of the department some 500 of those pupils were placed in jobs after the completion of their courses. But the situation there is very serious. I know of a number of young people from my riding who have not been able to get into that vocational institute. As other hon. members from British Columbia will most likely tell you, we feel that our young people are entitled to the same advantages that are obtained by the young people in the city of Vancouver.

With all due respect to the minister, I believe that the department is going at this in the wrong way. I believe the institute is a very fine operation, and I support it wholeheartedly. But that institute takes the position that young men and women must have left high school before they can take part in these courses. As I have said on other occasions in the house, I believe we are going at this matter wrongly. There are young men and women in our high schools who, because of the financial difficulties of their parents, will never be able to go to university. In my own riding in 1951 only 20 per cent of our senior high school students could afford to go to university. That left 80 per cent of our senior high school pupils at loose ends. For instance, they cannot attend the vocational institute of Vancouver because there is no room for them. What happens? Perhaps 50 per cent of these young men and women go out to jobs for which they are not fitted, or perhaps they do not want them; but they are forced, through financial circumstances of the family, to go to work for which they are not fitted and to which they do not want to go in the first place.

There is money to be spent in vocational training, and I think in the years to come, perhaps not this year, the minister could consider what I have suggested in this house before with respect to vocational training, and start in a general way on the high school level. Our young men and women should be given the opportunity before they leave high school, or a least have it suggested to them through practical application, that there are jobs in this world available to them, if we can give them some help, rather than going out and accepting a job for which they are not fitted and perhaps to which they do not wish to go.

I know of some five young men in one school in my riding. I spoke to them during the time I was home quite lately. They told me that they have to go to work in the woods. They were not fitted for it; they wanted to go to university, but their fathers could not afford it. So they were going into the woods when school was over. That is not fair. Canada is far too big a country to allow our young men and women to take work for which they are not fitted and do not want. I am quite sure that if I place my position before the minister he will understand it and will consider doing a little more for general vocational training in our senior high schools.

I repeat what I said when I first rose to speak. The young men and women in my riding cannot get to the vocational institute in Vancouver because there is no room for them. Instructors are available, but there are no classrooms for these young men and women. The average course in that institute takes six or seven months. There are some people in that institute who will be there for two years. Vacancies are not occurring fast enough. I would suggest to the minister that some of this money spent on vocational training, instead of going into that institute and other institutes across Canada, could be spent in this way. We should consider this high school problem.

While I am on my feet, if the chairman will allow me, I should like to refer to item 198. I have a few words to say on it. In his estimates the minister calls for a decrease of $116,000 in this item. I doubt very much whether that meets with the minister's approval. I wonder how much the treasury

board had to do with this decrease. I am not going to be able to put over my idea of vocational training for high school pupils if the minister is going to be forced to reduce his estimates for capital construction.

So far as the $1 million odd is concerned—the minister will correct me if I am wrong—the province of British Columbia is allocated 6 per cent of the total. That amounts to $62,000 or $63,000 this year. I do not think you can build two classrooms at present construction costs for $62,000 or $63,000, regardless of the equipment it takes. I happen to know from my school board work before I came here that an ordinary classroom will cost you $25,000 to build and equip today. Therefore what does the minister expect to give to British Columbia with $63,000? What does the minister expect to get by way of capital construction for vocational training for that amount? I may have the idea wrong but the inspector of schools in Burnaby has told me by letter, which I hold in my hand, that we are entitled to 6 per cent of the total. I do not think that is sufficient. I think the minister should be getting $10 million instead of $1 million for capital construction of vocational training institutes across Canada. And if my words can be of any assistance to the minister in his negotiations with the treasury board, then he can take them, because he has my full co-operation.

Mr. Browne (St. John's West): I have the report for 1951. On page 78, table 1 deals with youth training, and we have the allotment for Newfoundland of $20,000, of which the sum of $6,000 was spent. Thirty-eight university students took youth training. I wonder whether the minister has the comparable figures for 1951-52. Can he give me a general idea as to who is entitled to apply for this?

Mr. Gregg: The allotment for 1951-52 was $15,000, and the total payments $11,605.

Mr. Browne (St. John's West): Has the minister the number of students? Is this on the same basis as the previous year? Does this grant apply to university undergraduates?

Mr. Gregg: Yes.

Mr. Browne (St. John's West): Does the minister know how many?

Mr. Gregg: I have not the number of students involved here.

Mr. Browne (St. John's West): Is any student entitled to apply for this grant?

Mr. Gregg: The whole selection—and this applies also to the suggestions made in the early part of the remarks of the hon. member for Burnaby-Richmond—of students, who shall qualify as to ages, and whether they shall be based on need and so on, is made by the provincial authorities. Provided the work is carried out in a general way in accord with the principles set out, our task is to mainly assist in the work the provincial authorities are doing by making grants in aid. I think it is true that, in the main, the boys and girls in Newfoundland who qualify for these courses are those who have reached certain educational standards, and who have some need for assistance in this kind of training.

Mr. Low: I should like to find out on what basis the allocation of money to the provinces for capital expenditure is made.

Mr. Gregg: In a general way it is based upon the population between certain age groups. I believe it is from 16 to 19. I will admit that in the very interesting and continuous discussions and negotiations with the provinces, if for instance one province cannot or will not use all its allotment, then we do try to make the best use of the money available. Consequently it may not always work out exactly in the same ratio to that of the youthful population I mentioned.

Mr. Low: Then can it be said that if an allotment is made to a province on the basis of the number of young people within that age group, and that province does not use the money, another province which is more ready to make use of an extra amount can apply for and receive a further allotment?

Mr. Gregg: In some cases. We do not encourage it, though, because we like every province to feel that they are having an opportunity to utilize their allotments up to the end of the fiscal year.

Mr. Low: What I am driving at, ultimately, is this. I believe the point made by the hon. member for Burnaby-Richmond was well taken. It may be that the minister has not enough money in this vote, and that he could use more. The point is how to get it. I am wondering if the minister could say he could use more money, if the provinces are ready to use it properly, under the policy laid down by the department. Would he say, for instance, that the $1,134,000 provided in item 198 is all the provinces are ready to use at this time under the department's policy, or would it be possible for him to spend considerably more money under that same policy and with the co-operation of the provinces?

Mr. Gregg: That is a fair question. The direct answer is that we could usefully spend more money than this. I was glad to have the representations this afternoon because, when the supplementary estimates are presented, I would hope that the suggestions

tonight for an additional amount in this respect might support my request for more at that time.

Mr. Low: You have our backing.

Mr. Browne (St. John's West): I take it the minister is not very familiar with the details of the operation of the vocational school in Newfoundland, because it seems to me that in no case was the allotment spent. I made reference this afternoon to a chap who had applied for a course in Diesel engineering, but who was not accepted. There does not seem to be any reason for the refusal. The reason given to him was that there was no room for him, that there was a full complement of those who were to receive the training, and that as a result he would have to come at his own expense, live in the city and pay his own board. However, I now see from the nature of this assistance that at that time there was money available for the purpose.

Mr. Gregg: In reply to the question asked a while ago as to the number of students enrolled for youth training in Newfoundland for the year ended March 31, 1952, it appears that there were 42 men and three women.

Item agreed to.

198. Payments to the provinces for capital expenditures for vocational schools, buildings and equipment, $1,134,000.

Mr. Bater: How many are there, and what are the locations of the vocational schools in Saskatchewan assisted by federal grants?

Mr. Gregg: Balfour technical school, Saskatoon technical collegiate institute, Moose Jaw technical school, Prince Albert college, Yorkton college, Swift Current high school, North Battleford college, Weyburn college, Estevan college, Assiniboine high school, Melville high school, Wilkie high school, Eastend high school, Shaunavon high school, Carlyle high school, Scott college, Rosthern high school, Sturgis high school, Kindersley high school, Humboldt high school, Moosomin high school, Rosetown high school, the school of Agriculture, Meadow Lake high school, Biggar high school, Melfort high school, Maple Creek high school, Foam Lake high school and Nipawin high school.

Mr. Browne (St. John's West): I would draw the minister's attention to another table in the report for 1951 where it is shown that nearly $300,000 was allotted to Newfoundland, and there is no indication that any of that money was spent. Could the minister tell me how much was allotted in 1951-52 for buildings and equipment, and how much of it was spent?

[Mr. Gregg.]

Mr. Gregg: For buildings, at the memorial vocational school only, $175,600, and for equipment $73,065.

Mr. Browne (St. John's West): How much was spent?

Mr. Gregg: I have not that figure.

Mr. Browne (St. John's West): Has any allotment been made for 1952-53?

Mr. Gregg: Not yet. They are under study now.

Mr. Browne (St. John's West): It will probably be in proportion to what was given before. Will the minister get those figures and send them to me?

Mr. Gregg: I shall be glad to do so.

Mr. Dube: What was the amount of money spent by the federal government in New Brunswick in this connection in 1951-52?

Mr. Gregg: In the same category as mentioned by the other hon. member?

Mr. Dube: Yes.

Mr. Gregg: Does the hon. member wish to have the figure broken down?

Mr. Dube: What is the amount for Edmundston?

Mr. Gregg: I do not believe we have any for Edmundston.

Mr. Dube: Is there anything for Campbellton?

Mr. Gregg: No.

Mr. McLure: I am not objecting to the passage of this item, but I was called out of the chamber to attend to some business connected with another department. I should like permission to refer back to two items, and I have just one question to ask on each. I am generally here during the estimates but, as I say, I was called out not on my own business but for the benefit of another department.

The Chairman: It seems to be the general consensus that the hon. member should be allowed to ask his questions.

Mr. McLure: The first item is No. 189 dealing with annuities. Are the agents selling these annuities civil servants who are paid salaries or are they paid commissions only?

Mr. Gregg: The rule rather than the exception is that annuities salesmen work for about two months under a drawing account, and then they are put on straight commission.

Mr. McLure: My next question is with reference to item 195. Does the Department of Labour investigate the hours worked by individuals in other departments?

Mr. Gregg: That is one of the week to week duties of the industrial disputes and conciliation branch whose task it is to work out prevailing wage rates and make recommendations to other departments in connection with the employment of workers not under the civil service.

Mr. McLure: I know of one individual working for a department of the government who must work twelve hours a day without a rest period. He works from eight o'clock in the morning until eight o'clock in the evening, and if he goes out to lunch he must pay someone to take his place. I am going to bring this up again when the estimates of that department are before us, but I wanted to know if I could have assistance from the Department of Labour.

Mr. Gregg: I would be glad to have the details from my hon. friend.

Mr. Noseworthy: The details on page 243 indicate that last year only $746,986 of a vote of $1,250,000 was spent. Could the minister state what provinces failed to take up their proportion of this vote?

Mr. Gregg: All provinces have not submitted their accounts, but our records indicate that the following amounts have been paid so far:

Prince Edward Island	$ 6,402
Nova Scotia	21,943
New Brunswick	60,233
Quebec	117,689
Ontario	471,970
Manitoba	34,531
Saskatchewan	135,249
Alberta	8,177
British Columbia	1,315

Those amounts do not give a fair reflection of the facts because while some provinces have their accounts in, others have not.

Mr. Noseworthy: When those accounts come in will they be charged to the 1951-52 allotment?

Mr. Gregg: They will be charged to the new year.

Item agreed to.

Terminable services—

200. To provide for expenditures incurred in implementing recommendations of the national advisory council on manpower, and for the administrative costs of the council, $107,950.

Mr. Gregg: I promised the hon. member for Hamilton West, who could not be here this evening, and the hon. members for Cape Breton South and Broadview that I would make some comment on the national advisory council on manpower. In the opinion of some hon. members this advisory council has not fulfilled the high expectations they had for it when I announced the setting up of the council in the house a year ago last spring.

The personnel making up this advisory council I think is well known to all members; if not, the names are on the record. It will be recalled that it was appointed at a period when there was a great wave of concern throughout the North American continent with regard to the emergency which was then beginning and which has continued down to the present time.

The intention was not, as the hon. member for Cape Breton South suggested, to make this an administrative or directing or day to day working body, but rather to have available as supplementary to this House of Commons the advice of a group of people who were distinguished representatives of various fields of endeavour. Organized labour and organized management were well represented. The hon. member for Cape Breton South suggested that men from the shops should sit on the committee. If organized labour felt that was a better representation I am sure they would have said so. As it turned out they nominated national leaders to represent them on this body.

This council has held meetings, and the hon. member for Broadview has suggested that the results of those meetings must be judged by the reports. That is true to a degree. The reports in the press are based upon news releases. For reasons which the council felt were adequate the press was not present at the meetings of the council.

I can assure the committee that there has been no effort on the part of the Minister of Labour or any member of the government to dictate or even suggest to this body what they should recommend to the government. I felt it was my duty to invite the right hon. Minister of Defence Production, whose need for manpower was then and is now very great, to come before this council and tell them what his plans were and to receive criticism and suggestions.

It was in the same vein that I invited the Minister of National Defence to attend. Since immigration into the country affects our man and womanpower resources the Minister of Citizenship and Immigration was similarly invited to attend. Although I have not yet had an opportunity to do so, it is my intention to ask the Minister of Agriculture to appear before the council. I now invite the hon. member for Broadview to sit in at the next meeting.

Mr. Graydon: That will be an improvement.

Mr. Gregg: I am sure it will. While nothing spectacular has resulted from the meetings of this council, as far as I am concerned I have been quite happy about the work it has accomplished. For one thing, from the very beginning of the emergency following Korea it has provided a ready outlet for the expression of opinions on the part of organized labour and organized management sitting around the same table.

It has been asked why we have so many high government officials sitting in under the chairmanship of my deputy minister and the secretary of the privy council. The reason the deputy ministers or senior officers of the departments of labour, defence, immigration and defence production were asked to be a part of the committee was so the advisers of the government might be in originally on the suggestions made by organized labour, industry, veterans, women, farmers and so on represented on the council.

I should like to express my gratitude to those who have served on the council, and I can assure the committee that we do not consider it as a body to pass on what the department has done. We have asked it to criticize or make suggestions on what has been done. The apprenticeship conference called this spring was a direct result of suggestions that were made. The work that has been going on with respect to the needs related to our whole manpower picture in the larger emergency is a direct result of suggestions that have been made. Seasonal employment, which has been discussed here, the placement of older men and women and the project which is so close to the heart of the hon. member for Broadview, rehabilitation of the physically disabled, have all been discussed. I will mention typical subjects that have been under discussion, and I am sure the council has provided guidance not only to my officials but to those of other government departments. Subjects that have been discussed are immigration, the present manpower situation, seasonal unemployment, technical and scientific personnel, supply and demand in the professions, placement of older workers, farm labour, vocational training, rehabilitation of the physically handicapped, and preparation for any phase of manpower development as the result of a worsening of the emergency with which we are faced at the present time.

Mr. Noseworthy: Would the minister give us some explanation of the details of this item as given on page 244? I notice, for instance, that in the estimates there is an amount of nearly $85,000 for stationery and office equipment and it appears that there are no employees there to use it. There are no estimates for the payment of employees other than $12,000 for allowances and expenses of board members. Last year there was $20,000 for stationery and office equipment and this year the estimates call for $84,000. That is well over $100,000 for equipment for this office in two years. What sort of staff is there in the office?

Mr. Gregg: My hon. friend is quite right. The personnel are not there to use the equipment but the answer is related to the last item in my reply a moment ago. As my hon. friend will recall, two years ago when my estimates were before the committee I was very strongly advised that we, in conjunction with other departments, should go a long way to anticipate the amount of paper work that might be involved within our departments in the event of a worsening of the national emergency. Consequently, to have the paper work on a large manpower program carried out involves the preparation of forms and the obtaining of the type of material and equipment required. That is why this item is there.

Mr. Noseworthy: Who is to make use of all this paper? There is no staff listed here.

Mr. Gregg: We have not reached yet, thank heaven, a full-out emergency.

Mr. Hees: I thank the minister for his explanatory remarks about the operations of the advisory council. I think potentially it is a very useful body, and I believe members of parliament would obtain a great deal of most useful information if they could be advised of the opinions expressed by members of the council on matters that are of tremendous importance to all of us. When news releases are made by the department I would suggest that the opinions of the members of the advisory council should be recorded, as well as the reports of government departments that are given to members of the advisory council. I would also suggest that when such news releases are issued, they should be made available to all members of parliament as well as to members of the press, which is the present practice. I think we would get a great deal of information from these news releases.

The specific purpose of this item is to provide for expenditures incurred in implementing recommendations of the national advisory council on manpower, and for the administrative costs of the council. Could the minister advise us what recommendations have been made during the past year and a half by the council, and which of those recommendations have been implemented by the government?

Mr. Gregg: That would be quite a long story. May I refer to my hon. friend's first

suggestion. I shall be very happy to comply with it, and if it appears to be the desire I am prepared to go even farther and send out to members a more detailed analysis. I would hate to go through the record in a hurried fashion and reply to what he has asked with respect to the several meetings that have been held, but I will make a very compact abstract of those meetings and make it available for members of the house who may require it. I will be glad to send one to my hon. friend.

Mr. Hees: I want to thank the minister very much for his willingness and co-operation, and also for his kind offer to allow me to attend the next meeting of the manpower council. In passing I should like to suggest that the same procedure could be adopted with regard to the newly formed advisory council on rehabilitation. I think members of the house would be just as interested in the proceedings of that advisory council as they are in the manpower council, and if the same sensible suggestion the minister has made about advising us as to what goes on at the meetings of the manpower council could be carried out with respect to this new council I think it would be a good thing.

Item agreed to.

204. Co-ordination of rehabilitation of disabled persons, $77,000.

Mr. Hees: It was on this item the minister said he would answer a few of the questions I put on the first item of the department. First of all, what are the government's views on a rehabilitation program to go hand in hand with our unemployment insurance program? The second question was: In cases where rehabilitation is impossible, what are the views of the government on paying a pension to those people who through disability are prohibited from being able further to earn their own living? I would appreciate it if the minister could answer those questions now.

Mr. Gregg: Mr. Chairman, those are some of quite numerous questions that prompted the technical people engaged in the rehabilitation of the physically disabled in Canada to want to get together in the first instance, then to want to have an effective national committee working on this question to try to find the answers to questions which have been posed tonight by my hon. friend as well as others.

While the details of the committee have been recorded here before I know things often get buried. I should like therefore to take time tonight to read the order in council setting up this committee. It is order in council P.C. 6806 and reads as follows:

His Excellency the governor general in council, on the recommendation of the Minister of National Health and Welfare, the Minister of Labour and the Minister of Veterans Affairs, is pleased to order as follows:

1. A committee to advise on matters related to the rehabilitation of handicapped civilians and to be known as the national advisory committee on the rehabilitation of disabled persons is hereby established:

2. The membership of the committee shall consist of the following:

Representatives of provincial governments:

Alberta, A. H. Miller, deputy minister of public welfare, Edmonton, Alberta.

British Columbia, F. T. Fairey, deputy minister of education, Victoria, B.C.

Manitoba, Hon. Charles Rhodes Smith, attorney general, Winnipeg, Manitoba.

New Brunswick, Dr. Ruth McDougall, director of maternal and child health, Fredericton, N.B.

Newfoundland, Dr. T. A. Knowling, director of tuberculosis dispensary, St. John's, Newfoundland.

Nova Scotia, H. S. Farquhar, director of old age pensions, Halifax, Nova Scotia.

Ontario, Ian Campbell, chairman, old age pensions commission, Toronto, Ontario.

Prince Edward Island, L. W. Shaw, deputy minister of education, Charlottetown, Prince Edward Island.

Quebec, Gustave Poisson, deputy minister, Department of Social Welfare, Quebec, P.Q.

Saskatchewan, J. S. White, deputy minister of social welfare and rehabilitation, Regina, Saskatchewan.

I may say that Mr. Ian Campbell has since been obtained as co-ordinator for the national committee. The order in council continues:

Representatives of federal government departments:

Labour, C. A. L. Murchison, commissioner, unemployment insurance commission.

National health and welfare, J. W. Willard, chief, research division.

Veterans affairs, G. H. Parliament, director general of veterans welfare services.

Representatives of health and welfare voluntary agencies:

Lt.-Col. E. A. Baker, managing director, Canadian National Institute for the Blind, Toronto, Ontario.

John G. Counsell, president, Canadian Paraplegic Association, Toronto, Ontario.

T. A. J. Cunnings, rehabilitation officer, sanatorium board of Manitoba, Winnipeg, Manitoba.

E. A. Dunlop, executive director, Canadian Arthritis and Rheumatism Society, Ottawa, Ontario.

Miss Elizabeth S. L. Govan, secretary, public welfare division, Canadian welfare council, Ottawa, Ontario.

R. W. Hopper, recording secretary, Canadian council for Crippled Children, Toronto, Ontario.

Representatives of the medical profession:

Dr. L. O. Bradley, executive secretary, Canadian Hospital Council, Toronto, Ontario.

Dr. H. Hoyle Campbell, president, Canadian Association of Occupational Therapy, Toronto, Ontario.

Dr. Edmond Dube, chief orthopaedic surgeon, St. Justine hospital, Outremont, P.Q.

Dr. Campbell Gardner, chief of service—surgery, Queen Mary veterans hospital, Montreal, P.Q.

Dr. P. L'Heureux, medical superintendent, St. Boniface hospital, St. Boniface, Man.

Dr. Eustace Morin, chief of medical clinics, Hospital of the Child Jesus, Quebec, P.Q.

Representatives of organized employers:

Canadian Manufacturers Association, Roy Campbell, secretary, Canadian International Paper Company, Montreal, P.Q.

Canadian Construction Association, J. A. Lapres, H. J. O'Connell Limited, Montreal, P.Q.

Canadian Bankers Association, Leonard W. Townsend, Bank of Montreal, Montreal, P.Q.

Canadian Chamber of Commerce, James Young, Canadian Pratt and Whitney Aircraft Co. Limited, Longueuil, P.Q.

Representatives of organized labour:

The Trades and Labour Congress of Canada, Gordon G. Cushing, general secretary-treasurer, Ottawa, Ontario.

The Canadian Congress of Labour, Max Dodds, education and research director, district 6, united rubber, cork, linoleum and plastic workers of America, Toronto, Ontario.

Railway Workers, F. P. Donovan, general chairman, brotherhood of maintenance of way employees, Winnipeg, Man.

The Canadian and Catholic Confederation of Labour, Gaston Ledoux, first vice-president, Granby, P.Q.

Representatives of universities and groups especially interested in rehabilitation:

Rev. Father J. C. Beaudin, Montreal, P.Q.
R. Edgar Guay, Quebec, P.Q.
G. F. McNally, Edmonton, Alberta.
Dr. J. C. Meakins, Montreal, P.Q.

3. The duties and powers of the committee are as follows:

(a) To elect annually its officers and to form an executive committee;

(b) To review the recommendations of the conference on the rehabilitation of the physically handicapped held in Toronto, Ontario, in February, 1951;

(c) From time to time to review existing rehabilitation services and facilities and to recommend steps to be taken for their most effective utilization and for their expansion where necessary;

(d) To recommend the preparation and distribution of information material;

(e) To instruct the executive committee on duties to be carried out in the intervals between committee meetings;

(f) To recommend the establishment of such working subcommittees, as may be deemed necessary;

(g) To advise on the subject of rehabilitation policies generally, whether in relation to government action or the activities of voluntary agencies; and

(h) To consider and advise upon such questions relating to handicapped persons as may from time to time be referred to it.

4. When a member of the committee is unable to be present at a meeting of the committee he may, with the concurrence of the chairman of the committee, designate an alternate to attend and act in his place at the said meeting.

That, Mr. Chairman, is an outline of the order in council. As to some of the important questions that I know are in the mind of the hon. member for Broadview and perhaps in the minds of other hon. members, I should like them to be allowed to stand until the executive of this committee has had an opportunity to prove itself. Mr. Ian Campbell has taken on his new duties as from the first of this month. He is this week end attending the large social welfare councils that are being held in the city of Quebec. He has provided on the special council a panel which is dealing with the rehabilitation of the physically handicapped. When that meeting is over he is going to start at Newfoundland, I believe, and visit each provincial capital, calling upon the representative in that capital who is on the national council and upon those who are so capably engaged, in voluntary agencies, in this work. He will thus be working from the ground up rather than from the top down.

The members of the council are all technical people in this field. They all know what it is about. I think I interpret their general view when I say they all feel that this problem is one that should be approached on a national basis—whatever each province might do, as has been done now in Ontario—through the voluntary agencies, provincial governments and federal departments concerned, and that the stress should be on the medical and occupational refitting of the person for work so that he will be able to earn his own living. Out of that, of course, will come some who will not be able to work at all, but if our veterans' experience holds reasonably well there will be few in that category.

Mr. Hees: I thank the minister very much for his remarks explaining the function of this new body. Might I suggest that if we agree not to press him for his opinions or the opinions of the government on matters that we have brought forward, will he agree to bring before this advisory council the suggestions that have been brought forward by the members of this house concerning rehabilitation, and will he agree to have the proceedings of the meetings of that council at which these questions are discussed made available to the members of the House of Commons?

Mr. Gregg: I will be glad to do that, Mr. Chairman.

Mr. Knowles: Is it understood that this body has the authority to discuss and deal with the relationship between rehabilitation on the one hand and any probable pension plan on the other? Also may I ask whether the body has the authority to make recommendations to the employment service of the minister's department with respect to any steps that might be taken to deal with the employment of handicapped people?

Mr. Gregg: Oh, yes, Mr. Chairman, that is quite true. As indicated in the order in council the committee, so far as the federal government is concerned, will report to the three members of the cabinet whose departments I mentioned a few minutes ago, and

will feel free to report or make any suggestions on any matter affecting rehabilitation. On the other hand we are asking that the employment officials of the national employment services and the special placement officers, not only in Ottawa and regional offices but in the local offices, work hand in glove with the voluntary agencies and with those who are in the provinces working in this field, so there will be every co-ordination of the work.

Mr. Knowles: What about my first question?

Mr. Gregg: As to the channels for recommendations?

Mr. Knowles: As to the channels for recommendations, whether it is in order for them to make recommendations with regard to a pension plan for incapacitated persons?

Mr. Gregg: Unquestionably there are no restrictions whatever as to what they may recommend, so long as it is for the improvement of the condition of the physically disabled who have no rights under veterans or workmen's compensation.

Mr. Hees: I was not quite sure whether the minister made any reply to my last request that the suggestions we have made in connection with rehabilitation be brought before the rehabilitation council for consideration by the members of that council, and that the proceedings of the meeting be made available to us. Is that agreeable to the minister?

Mr. Gregg: I will be pleased to do so. I shall see that copies of *Hansard* for today are placed in the hands of members of the executive, and I will be glad to work out an abstract of their meeting and send it to each member of the house.

Mr. Hees: Will the minister see that these questions are actually brought up at a meeting? It is one thing to distribute *Hansard*, but it might not be read. If a question were not put on the agenda for a meeting it might never be discussed. I should like his assurance that these questions will be put on the agenda at some meeting in the near future, and will be discussed.

Mr. Gregg: I am sure the hon. member would not want the minister to inform this advisory committee as to the things upon which they should give advice. We shall bring the suggestion to the co-ordinator's attention, and I feel sure he will be glad to carry it out.

Mr. Noseworthy: The minister gave us a very long and imposing list of the members of the board and the executive who will be interested in working towards the promotion of this rehabilitation work. Could the minister tell us what full-time staff he visualizes to actually do the work of initiating and promoting rehabilitation?

Mr. Gregg: Most of the work arising out of this measure will be done by existing federal people who are in the field. For instance, veterans affairs will be the great laboratory, as you might call it. They have been through the mill, and they will throw the results of their experience into the work. The Department of National Health and Welfare will take a great share of the load, because it is already in the field. Our placement officers in the national employment service will be oriented into it. So far as the additional full-time staff is concerned, there will be a co-ordinator, and perhaps an assistant and one stenographer at the most at the present.

Item agreed to.

Unemployment Insurance Act, 1940—

205. Administration, including expenditures incurred in connection with the activities of the national employment service as delegated by the Minister of Labour in accordance with section 88 of the act, $25,390,583.

Mr. Knowles: Mr. Chairman, with respect to unemployment insurance, we are having a debate on that subject on a bill which the minister has before the house. Thus we do not need to spend too much time on unemployment insurance itself under this item. One could, because there are the matters that we have raised from time to time, about which the minister knows. I hope they will be given further consideration.

At this point, however, I should like to ask the minister what progress he is making in a city like Winnipeg, and perhaps in other cities, in getting better accommodation for the unemployment insurance commission and the national employment service which is associated with that commission. I should like to point out in the first place that there are a number of offices of the unemployment insurance commission in Winnipeg, and for the most part they are on streets that are off the main thoroughfares, and in the main they are in rather old buildings. The minister's colleague the Minister of National Revenue seems to fare much better. The place where the taxes are collected is a fine building. I do not know what the idea is, whether they want to make you feel it is a nice place to go.

Mr. Graydon: Honey for the flies.

Mr. Knowles: Yes; and where you get stuck, too. This function which is performed by the unemployment insurance commission is rather important. The number of people that come and go in those offices, both in connection with unemployment insurance and in connection with employment placement,

must be very large indeed. It would seem to me that an effort should be made to get a reasonably choice location, and also to get all the unemployment insurance offices under one roof. Naturally, an effort should be made to locate it in some place which is not only choice in the sense of being attractive, but choice in the sense of being readily accessible to the large number of people who would have to go there.

I believe the matter has been under consideration; I would hope it has, because of the scattered nature of the set-up in Winnipeg. Can the minister say what progress has been made? If he is having any difficulty with his colleague the Minister of Public Works in getting more desirable accommodation and would like some help, we shall support him.

Mr. Gregg: I can assure my hon. friend that we are very much concerned that the offices shall be—

Mr. Knowles: Just as good as the income tax offices.

Mr. Gregg: Yes. The fact is that the rush period in those offices corresponds with the bitterest and worst weather we have in our Canadian winters, and that makes it very difficult to get the square footage space to take care of the peak load. I have not been in Winnipeg yet, but I have visited some of our offices during the winter months, and I have deplored these cases where you find a queue down the steps and out on the street. I can assure my hon. friend that we shall continue to do our best also for the improvement of conditions in Winnipeg.

Mr. Knowles: I take it from what the minister has said that the Winnipeg situation is specifically under consideration. Does the minister agree with me that it would be desirable to have all the unemployment insurance offices located under one roof in a more desirable location than is now the case?

Mr. Gregg: Well, I would make one reservation there, of course. There is a great advantage in having offices dispersed for the convenience of the workers who may live in outlying sections of a large city like Winnipeg. I do not think—

Mr. Knowles: The dispersal at Winnipeg does not meet that qualification. The offices are on William avenue, McDermot avenue and Bannatyne avenue. They are at those different places because you do not have one place in the downtown area that is satisfactory.

Mr. Gregg: I shall be glad to look into that. I will not go into the argument as to whether we should have the offices uptown, or in the central part of the city, or downtown, but we shall take into consideration my hon. friend's remarks.

Mr. Noseworthy: I note that while under one item the government contributes $32 million to the unemployment insurance plan, the administration of unemployment insurance eats up something over $25 million of the $32 million. Has the minister or his department given any consideration to the possibility of reducing the administrative costs of unemployment insurance, or changing the basis under which unemployment insurance is paid so that less bookkeeping and fewer bookkeepers will be required for the administration of the act?

Mr. Gregg: The commission is not an old body. As my hon. friend knows, it was ten years old last year. By the very nature of things it is a very complicated structure, but I can assure him that it is given constant study for improvement. The administrative costs are high. On the other hand, from my observation I am confident that our 200-odd offices across the country dealing with this problem are not overstaffed from the point of view of the employment service, the service they have to give the public.

As to the wing which deals with the insurance and all the related records, statistics and cards and all the things that I am sure are as mystifying to my hon. friend as they are to me, we have them under study and are making any improvements we can to cut down not only on the cost but also on the amount of paper work involved to do the job.

Item agreed to.

206. Government's contribution to the unemployment insurance fund, $32 million.

Mr. Browne (St. John's West): Mr. Chairman, I should like to make an observation on this, again in regard to the question of insurance for fishermen. The sum of $57 million is involved in these two items as the government's contribution toward unemployment insurance, and fishermen get no insurance. In the *Daily News,* published in St. John's, of April 10, 1952, an editorial appeared which dealt with the statement by the minister. I do not remember the statement but it referred to the difficulties cited by the minister as follows:

> The obvious difficulties cited by Labour Minister Gregg as obstacles to the extension of unemployment insurance benefits to Newfoundland fishermen reveal a problem only to be solved by a change in fishing organization or in unemployment insurance procedure.

The editorial goes on to cite what is obvious, that the fisherman sees people getting insurance benefits and he gets nothing. Then they say that not much can be done about it because he is a sort of small capitalist; he is a self-employed person. The article goes on:

The unfortunate aspect of this situation is that many men are turning away from the fisheries to enter insurable employment. And that process can continue to the point where the fishing population of Newfoundland will be sadly and even calamitously diminished in size. That would not be so grave a prospect if alternative employment on a permanent basis were to be readily available but thousands of new jobs cannot be created overnight. Thus abandonment of the fisheries on a large scale could mean excessive competition for other jobs, demands for relief, or substantial migration to the mainland.

The newspaper editor considers that perhaps the best way to deal with it would be reorganization of the fisheries to convert owners and sharemen into wage earners. I cannot say I quite agree with that solution. I think it is better for men to have their own business. Then he says:

But the dispersal of the fishing population in a thousand coves and harbours sets up an immediate obstacle to the swift development of a plan of this kind. The only possible alternative would be the evolution of a practicable means of underwriting the security of the producer by assuring him of an adequate reward for his labours. That seems to involve an elastic use of the price support law to cover this specific problem.

It seems to me there is no doubt about it; on the Pacific coast as well as on the Atlantic coast, in Newfoundland and in the maritime provinces, the fishermen are faced with that situation. Some new device must be invented by the minister, or perhaps the Minister of Labour in collaboration with his colleague the Minister of Fisheries. There seems to be a sort of injustice. While I appreciate all that the deputy minister of fisheries has recommended be done for the fishermen, nevertheless that uncertain prospect of poor prices for his fish or a poor catch has the same effect upon his economic fortunes as unemployment has on workers in the factories, and leaves him in a position where he feels he is being treated unjustly. I hope the minister will give consideration to these points I have brought out.

Mr. Gregg: I will promise to comply; nevertheless I must admit, as my hon. friend outlined at the beginning, that the difficulties are very great. There is the difficulty of the small capitalist who has his own boat and runs his own show, often with one helper, and how to make collections in those cases. Then there is the small farmer in our eastern country who has a farm helper part of the year and is a cutter of pulp wood and pit props the rest of the year. These are questions that so far we have not found answers to, but we will be glad to keep them ever to the fore.

Item agreed to.

207. To provide for the transfer of labour to and from places where employment is available in agriculture and industry and expenses incidental thereto, in accordance with regulations of the governor in council, $200,000.

Mr. Catherwood: Will the minister explain the difference between this item and item 194? It seems to me there is quite a similarity in the relationship of these two items. I am not objecting to the amount of money spent under this item because I feel it is very important, particularly as far as agriculture in eastern Canada is concerned. I should like the minister to explain the reason for these two items which to me are remarkably similar.

Mr. Gregg: It just happens that that question was anticipated. The unemployment insurance commission vote shown here is to provide for the payment of transportation for federal-sponsored movement of workers to areas of short supply not only for agriculture but also for other industries when the movements are interprovincial in nature. If movements sponsored by the federal government relate to the agricultural worker, 50 per cent of the cost thereof is billed by the unemployment insurance commission to the province, apportioned to the numbers and estimated length of time they are employed in each province, and the amount is charged against the allotment under the farm-labour agreement. Transportation costs shared by the federal government under the farm-labour agreements relate principally to movements within the provincial boundary which are sponsored, with the concurrence of the federal government, by the province and administered by provincial transportation warrants.

Item agreed to.

DEPARTMENT OF FISHERIES

141. Departmental administration, $294,900.

Mr. Browne (St. John's West): Is the minister going to make a statement?

Hon. R. W. Mayhew (Minister of Fisheries): I had not intended to make one at this time. My experience on other occasions has been that we get along faster and probably get better information by letting hon. members make their statements now. I shall take notes, and answer later on.

Mr. Applewhaite: Mr. Chairman, I remember that last year and the year before I took occasion under this item to express to the minister my appreciation and that of those

connected with the fisheries industry in the Skeena electoral district for his interest, and the way in which this department has been administered in the interests of the fishing industry. I am very glad to say I have just as much reason to do so this year as I had in years past.

I should like to add our expressions of appreciation of the work of the officers and employees of the Department of Fisheries. I can extend that appreciation quite sincerely to all those whose duties are in any way connected with the operation of the fisheries on the Pacific coast.

Despite the fact that on the whole we have a very real feeling of satisfaction with our Department of Fisheries, by the very nature of the industry matters arise from time to time which have to be brought to the attention of the minister and the department. Many of these are small and of only local application. Many can be handled by discussions with the minister, his deputy or some other departmental official. There are only four the discussion of which I propose to inflict upon the committee at this time. I believe all four are of such a nature as to be handled satisfactorily under item 141, and by so doing the committee will be saved watching me bob up and down as each item is called.

The first matter I would draw to the attention of the minister is certainly one related to departmental administration, in that we can get help only if those who administer the department will take action. At first blush it may appear that the matter does not apply at all to the Department of Fisheries, because remedial action would have to be taken by another department of government. However, I think when the Minister of Fisheries is before the committee I am fully justified in asking him, on behalf of the fishing industry, to take an interest in this matter.

I was not in the House of Commons prior to 1949, but it is my understanding that it was the purpose of parliament to exempt from sales tax and excise tax all those articles which go into the earning of a living by either fishermen or farmers. This year we had some amendments to the sales tax extending those exemptions to items used by fishermen which apparently had not been covered before. The exemptions are varied. In general terms I believe they might be said to appear to include everything in the nature of fishing gear, including small ropes, sinkers, floats and the like.

Quite recently it has been found, however, that certain types of fishing plugs and lures, including plastic plugs and certain lures used extensively by commercial fishermen, were not included and are not at the present time exempted from sales tax. Yet they are just as much a part of the equipment of a commercial fisherman as are nets or other fishing gear.

I am not asking the Minister of Fisheries at the moment to give me a reply in this connection, because I realize he would not be able to do so until the matter had been discussed with the Minister of Finance, the Minister of National Revenue and others; but I would ask him, as Minister of Fisheries, to look into the matter. If it is found that the acts as at present worded are such that lures and plugs used by commercial fishermen are now subject to sales tax when sold to commercial fishermen, I would ask him to take the initiative in bringing about an amendment so that what I have no doubt was the original intention of parliament will be carried out, namely that the tools of the trade used by fishermen may be exempt.

The next matter I would refer to the minister and the department is of major concern to a large section of only the Pacific coast. In July of last year we suffered a major calamity out there in the nature of a rockslide. I believe hon. members would have a better picture if it were described as a landslide. It completely blocked the Babine river. That is the river up which pass the vast majority of the sockeye salmon of the whole Skeena river run. Other types of salmon also go up the Babine river to the spawning grounds.

I suggest it is fairly obvious that if salmon do not reach the spawning beds, then four years later there will be a complete failure in the salmon run. The damage done by the Babine river slide was such that last year there was not a very good escapement of sockeye or other salmon to Babine lake. The situation this year may be somewhat the same. If it is not possible, and I think perhaps it is not, to construct in that isolated area a permanent solution to the major calamity caused by the Babine slide in one season, then extraordinary remedies will have to be taken to assist this year's run of salmon to get into the lakes so they can spawn.

I would ask the minister to be kind enough to give the committee information as to what has been done to date and what the expectations are for the immediate future in connection with this matter. While a rockslide may not sound like a matter of major importance, the complete blocking—and it was a complete blocking—of a whole run of salmon is a matter of major concern to the whole Pacific coast.

There is another matter I should like to bring to the attention of the minister. Perhaps it is only fair to say that it should be given some consideration by the scientists of the department before any answer could be expected. This matter has been brought to my attention by the Prince Rupert fishermen's co-operative association. In passing I should like to say that in connection with these practical matters of local concern I doubt—I say this with great respect to all contrary opinion—whether there is any body better fitted to advise than the fishermen's co-operative association composed as it is of the men who do the actual fishing, who have day by day and year by year knowledge of local conditions and who because of the nature of their operation have a knowledge of the commercial end of the business as well.

This matter about which they are now making representations is that the department give serious consideration to the adoption of conservative measures in connection with flatfish. They have not made their submissions to me quite as general as that. What they have asked is that the department should be asked to take steps to ensure the closing of fishing in Skidegate inlet as soon as the flatfish taken in that area show evident signs of spawning. It was felt that this action was necessary in the interests of conservation.

I am not making my request in quite those narrow terms. I am asking the department to give consideration to investigating whether or not a situation has been developed where the conservation of flatfish should be undertaken. That may involve considerable inquiry, experimentation and research by the scientists available to the department. If this branch of the industry considers that we have reached a position where conservation is necessary, then I am quite confident in passing on that request to the department to make scientific inquiries into the matter. I feel that this matter would not have been brought to my attention by the co-operative unless they had cause to worry as to the future of flatfish.

There is another matter which I think is worthy of some consideration by this committee. In this particular instance the initiative on the coast is taken by the deep sea fishermen's federal union. I may say for the benefit of the committee that some two years ago the department operated on the Pacific coast a tuna patrol which was intended to investigate and report upon the movement of tuna. This was not in connection with conservation or spawning; it was simply an effort to find the crop available for fishing that year. That patrol was not carried out last year, and I understand no provision has been made for it this year. Evidently those engaged in fishing on the coast found that the tuna patrol was of real and practical value, and they have asked that it be reinstituted. I pass on their request with my endorsement. I realize that in the Department of Fisheries, as in all other departments, an effort must be made at reasonable economy, that we should not only conserve fish but should conserve money as well. However, if this tuna patrol is going to increase the catch of fish the amount necessary to keep it in operation will not be an expenditure; it will be an investment which would pay a good return.

I admit quite frankly that I am not in a position to state definitely that the industry will suffer if this tuna control is not reinstituted, but I am in position to say that the deep sea fishermen's federal union, which is a well managed organization, is of the opinion that it will. I submit these few suggestions to the Minister of Fisheries assuring him again, and I say this quite sincerely, that while we on the Pacific coast see fit to bring our problems to his attention that fact detracts not one iota from the appreciation we have for the way in which our interests have been looked after by him and his department.

Mr. Browne (St. John's West): Mr. Chairman, I had hoped the minister would make a statement. I have been reading again the report of the Department of Fisheries for 1950-51, and have found it a most interesting document. I had thought that if the minister spoke he would give us some information that would be appearing in the next report, which I suppose we shall not receive until several months have passed. It is to be regretted that the report of the department for the year just past does not come out until after the estimates have been considered. As a result hon. members have no opportunity of seeing what has been done by the department during the year.

This report indicates that a great deal of activity was carried on during 1950-51, and I imagine there has also been a great deal of activity during 1951-52. The minister was present in the chamber a few minutes ago when I spoke on the question of unemployment insurance for fishermen. I am aware of the difficulties to be encountered in connection with this, but I am sure the minister is also aware of the plight of many fishermen when there is a bad season, either because the catch has not been sufficient or the price has been low. He knows that in 1950 the price of salt codfish in Newfoundland was low. The officials of the fisheries prices support board were put to work on the problem, but they were some time in

coming to a decision. I appreciate that they had many difficulties to contend with because there are so many fishermen and so many dealers. All the books had to be examined, and each fisherman's account had to be inspected.

I would point out to the minister that the principle which was adopted was unsound. The principle followed by the fisheries prices support board upon which payments were based was to average the value of fish at $10.10 per quintal of 112 pounds, and then they averaged the price the fishermen were supposed to have received at $8.80. The difference of $1.30 per quintal was paid to all fishermen who had been selling shore fish.

I say this principle was unsound because some fishermen received higher prices than others. Those who sold their catch in August and September received the highest prices, while those who sold their fish in October and after that received very low prices. As I pointed out previously, some of them received an average of $5 to $5.50 per quintal, yet they received the same amount, $1.30. The minister must be aware, and certainly the officials in the fisheries prices support board are aware, that all fishermen did not receive the same price for their fish. It seems to me that where they are not catching sufficient fish, or because of bad weather they have not been able to take good fish and therefore will not get a good price, they are put in the position of men who are out of employment. Their income is low, so low that they will not be able to carry on for another six months until the new fishing season begins. It is the same for the fisherman as if he had been out of employment.

The Minister of Fisheries is aware of that problem, and I suggest that instead of giving a straight figure of $1.30 per quintal on the fish in 1950 a more elastic system should have been adopted. A higher figure should have been given to those who received the lower prices. If that principle had been adopted in 1951 I think he would have found a lot of people would have been entitled to receive some amount of money from the fisheries prices support board. What is that board for? It is supposed to help people in the post-war era. This is still post-war. The conditions that have existed in the European markets are certainly not nearly so good as they were in the period before the second world war. The export of salt codfish to the traditional markets in Europe has been affected by the war and conditions arising from the aftermath of war.

Therefore it seems to me that the fisheries prices support board should come to the rescue of fishermen when they receive low prices or when they make poor catches. I should like the minister to keep the welfare of the fisherman directly before his mind. I have made this same appeal before. He can have all kinds of bait depots, longliners, draggers, cold storage, experimental kitchens and that sort of thing but that is not helping the fisherman directly, and it is direct assistance which is most appreciated.

I said a few minutes ago that the number of fishermen prosecuting the fisheries is declining. I do not know what the figures are for 1951-52 but I see from the figures in the report for 1950-51 that in 1949 there were 26,758 fishermen in Newfoundland and in 1950 there were only 22,556. That is a decline of over 4,000. How many were there in 1951, and how many will there be in 1952? The number of schooners taking part in 1949 was 232 and the number in 1950 was only 105, or less than half. I feel quite sure that the principal reason people are leaving the salt cod fishing industry is because of the uncertainty of the fishery, because the fishermen are not always able to earn a living wage and are not receiving insurance benefits which people receive who are out of employment.

I have here an item from the May 12 issue of one of the daily papers published in St. John's. The report is from Grand Bank which is one of the principal settlements on the southwest coast of Newfoundland, and is in the district of the hon. member for Burin-Burgeo. The article reads as follows:

> The fishery continues good for the shoremen around here. The dories are getting a quintal and better daily. The catch is being salted now and will be sold undoubtedly saltbulk. It was encouraging to hear Mr. Lane express his confidence in an improved situation and price to be realized for this year's catch. He urged fishermen to remain in the fishery but this will not follow this season in some sections. We understand that in the Marystown and Lamaline sections that a fairly large proportion of the trap fishermen do not intend to prosecute the fishery this year. In fact, some of them have burnt their bridges behind them and have sold their traps and skiffs.

That is only one section, and I believe the same is also true of other sections. Therefore I believe the problem should receive urgent attention on the part of the minister.

During the past week a question has been on the order paper in my name arising out of information that came to my attention. The hon. member for Charlotte had a question on the order paper a short time ago in which he inquired as to the amount of assistance that had been given to farmers under the Canadian farm loan board and the amount of assistance that had been given to fishermen under the fisheries loan board. I do not think the title he used with respect to the fisheries loan board was correct. It is a very long involved title. Its

short title is the Canadian Fisherman's Loan Act. It is very enlightening to make a comparison and I think that was the object of the hon. member for Charlotte—between the assistance which has been given to the farmers of Canada and the assistance which has been given to fishermen by means of loans. Under the Canadian farm loan board the amount of assistance given is small in comparison with that which is given under the Farm Improvement Loans Act. I urge the minister to give consideration to having the act relating to fishermen altered or to introduce a new act to provide that fishermen can take advantage of the same provisions which are now applicable in lending to farmers.

Under the Farm Improvement Loans Act a farmer may apply to a bank for a loan for anything to assist him in his business or anything to improve his home or surroundings in order to make life more pleasant in the home or to make his business more profitable. All he has to do is go to the bank, and if the bank thinks his credit is good it will give him a loan of up to $3,000 with seven years to pay and the government will guarantee the loan. Last year $85 million were loaned by the chartered banks of this country under that act. Since the legislation was passed a few years ago $255 million has been loaned by the banks, and the bad debts only amount to 1/100 of 1 per cent.

The hon. member for Charlotte asked the amount of money loaned to fishermen under the fishermen's loan act last year. Do you know how much it was, Mr. Chairman? It was $800 compared with $85 million loaned under the other method. It must be apparent to all persons in the house that similar provisions should be extended to fishermen as are extended to farmers. The hon. member for Charlotte urged that, and I support him. I have been in houses in Newfoundland, and perhaps the minister has been in them too, where there are industrious men who make a living but sometimes have a poor year. They do not feel justified in making a big expenditure for a boat, a new engine, a new trap or other useful objects that could help them in their business. A longliner, for instance, would cost a lot of money. I refer to things of that kind that would help him to improve his catch or improve the value of the catch when he is curing it.

On the other hand he might wish to have something in his home in order to make a better place in which to live so that his wife and family will be more comfortable and contented. Where is he going to borrow the money? Suppose he needs $1,000 to instal an electric pump or a water or sewage system? Let us be frank and honest about this matter. Thousands of fishermen of Newfoundland have no such amenities at all, and nobody will lend them the money to put those things into their homes. If the minister wants the people of Newfoundland to remain in the fisheries—that is, those who are fishing—he must see to it that there are available to them advantages similar to those that are available to the farmers.

According to the latest census 55 per cent of the people of this country are now living in the cities and only 45 per cent are living in rural or fishing communities. The trend is away from rural communities, where there are so many disadvantages, into the cities where they have the bright lights, the heated homes and all the modern conveniences. One of the objects of the minister with regard to the fishermen of Newfoundland should be to make their homes as comfortable as possible.

While I speak of the fishermen of Newfoundland I am thinking of the fishermen in the other provinces as well. This type of loan should be made available to all of them. If the minister does not feel he should do that, I assure him that at the earliest possible moment I propose to introduce a resolution—if I cannot introduce a bill—into the house asking the government to give consideration to this matter, in order to get a decision by the government upon it.

The Secretary of State is familiar with the fisheries of Newfoundland. Not long ago he made a statement about them. I do not know whether he did this on his own—probably he did—or whether he did it with the approval of the Minister of Fisheries, which was not necessary. His broadcast was favourably commented on in an editorial in the *Evening Telegram* published in St. John's, I think on April 26. The Secretary of State said:

> It is only trash to talk about prosperity in Newfoundland until the fishermen are placed in a position to earn a good living according to present-day standards . . . I cannot too often repeat that the two great problems are: to increase the catch of each fisherman, to improve the quality of his product so that it will fetch higher prices in wealthier markets.

I am aware that the Secretary of State has for a long time been an advocate of longliners. His advocacy of this form of catching fish has been ridiculed by the provincial minister of fisheries in Newfoundland, but this newspaper seems to support the Secretary of State. A little while ago I put a question on the order paper in order to find out what was the cost of operating these longliners and what was the value of the catch they made; and I was surprised to find they were losing money. When the minister is on this

item, if he has any figures which were not available to him at that time I should like him to indicate, if he will be good enough to do so, whether the experiments that have been carried on in connection with the long-liner have been successful, whether further expenditure on that account is warranted, and whether that system of catching fish should be more generally practised in Newfoundland. The figures that were given in answer to the question I asked do not seem to me to justify the expenditure. However, there may be longliners and longliners. There may be boats that use long lines which are more suitable for the fisheries of Newfoundland than are others.

There is another matter about which the fishermen in my riding have spoken to me frequently and which I believe is generally considered by the fishermen of Newfoundland to be important in connection with catching fish. I refer to the supply of bait. The federal department of fisheries has a bait service. It has at least one steamer which goes around to the different settlements where no bait freezer is established and supplies bait to the fishermen; but there are still a great number of places to which this steamer does not go and in which no bait is readily available. As you look around the peninsula of Avalon through my riding, starting at St. John's and going south around Cape Race and up St. Mary's bay and into Placentia bay, how many bait depots will you find? There is one at Ferryland and there is one at St. Mary's. In St. Mary's bay there are a great many settlements where there are fishermen; in fact in all the settlements there are fishermen; and it is not a sufficient answer to say, "There is a bait depot over there", 15, 20 or 30 miles away. It seems to me there must be some way of having bait made more easily available than that.

In a letter which the minister wrote me I think he spoke about "holding depots". I do not know whether any holding depots have been built since I first brought the matter to his attention, but I do not know of any. I do not see any improvement in that situation since I first directed his attention to the matter. The fishermen are always talking about it. What it means is this. Trap fishing begins in June. It may last the month of June and go on for a couple of weeks in July. In most places it will be over by the end of July. In some places it may go on for another week or so. When trap fishing is over—that is catching fish by large traps—the fishermen go trawling or hand-lining and they must have fresh bait for those forms of fishing. It is necessary that it be fresh. The cod are very particular fish. They must have their bait fresh. If the fishermen have not fresh bait they cannot go fishing. Therefore as we get toward the end of the summer the fishermen find it more difficult all the time to go fishing because they cannot catch the bait to use and it is either too far to go or there is some other obstacle with regard to procuring bait from the bait depot.

In St. Mary's bay there is an island called Colinet island where all the men are fishermen. In fact in most of the settlements—St. Vincent's, St. Joseph's and North Harbour—practically all the able-bodied men are engaged in fishing. It is a good many miles from North Harbour over to St. Mary's, and it seems to me unreasonable to expect that a man should hire a truck and go around perhaps 30 or 40 miles and come back again —that is 80 miles—with bait and then have no place to keep it; or to go by boat, which would mean going 15 or 20 miles in a motorboat out into the open sea, which means great hardship for the fishermen; and he would not be ready to go fishing if he had gone that distance. I would therefore urge again that greater consideration be given to this question of bait depots, bait freezers or holding depots, whatever you choose to call them.

Two years ago last April fisheries development committees were set up in Newfoundland and Prince Edward Island, each headed by the chief justice of that province. They have been sitting for two years. While I was not aware of the one in Prince Edward Island until recently, I was aware of the nature of the people on the committee in Newfoundland. It is a joint committee with federal and provincial representatives. They have sat now for over two years. I wonder whether the minister is in a position to give us any information as to what that committee has done, or whether it has made any interim report. The premier of Newfoundland has come out with some rather strong statements about the changes that must take place in the fisheries of Newfoundland and the large amounts of money that must be expended if they are to be put on a profitable basis. I wonder if the minister is in a position to make some remarks upon the statements made by the premier, or at least some statement on what the committee has been doing and when it is likely to furnish us with a report. Apparently a great deal depends upon the report of this commission. It is composed of able men, and they have been two years on the work. After two years I imagine they should produce something very beneficial to the fishermen of Newfoundland.

I notice that in the maritime provinces the Department of Fisheries, during the year

1950-51, set up a number of fish hatcheries. I do not think there is any fish hatchery in Newfoundland. Has the minister given any consideration to the building of fish hatcheries in Newfoundland? I would say it is most important that we should have fish hatcheries for lake trout and salmon. Many years ago the Newfoundland government brought out a Mr. Chambers from Scotland to investigate the salmon fishery. He made a report in which he recommended the establishment of a fish hatchery, but I do not think it was ever established. I should like to see one there, because in my opinion the quantity and size of the salmon caught in Newfoundland has declined over the years.

The salmon fishery is certainly not what it used to be. From the point of view of angling it is a remarkable attraction for tourists. We have a lot of fine rivers, but unfortunately the cutting of wood has interfered with the flow of water. We have had low water more often and more seriously of late years, and as a result the fish have died. Quite strict conservation measures, therefore, should be put into effect.

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

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

Mr. Blackmore: Does Newfoundland contemplate any reforestation measures on these watersheds?

Mr. Browne (St. John's West): I have to inform the hon. member that the Conservative party is not in office in that province. If we were in office there I believe we would take far better steps to see that these rivers were protected.

Mr. Blackmore: What I wanted to know is whether or not they are taking any measures.

Mr. Browne (St. John's West): I have been an advocate of reforestation for a long time, but recently the provincial government has termed the nursery where young trees were grown for the purpose of reforestation—well, they have used some opprobrious term.

Mr. Mayhew: This is Friday, Mr. Chairman, and I think we should stick to fish and not trees.

The Deputy Chairman: The minister points out that we are on the first item of the Department of Fisheries, and that we should discuss fish and not trees.

Mr. Browne (St. John's West): If the minister cannot see the connection between reforestation along the rivers and the salmon fishery he does not know very much about the salmon fishery of Newfoundland, because it is largely dependent upon having a good flow of water in the streams.

Mr. Graydon: May I ask the minister a question in connection with the Japanese fisheries agreement? Will the minister tell the committee the position in which that agreement is now, and when it will be before the house for ratification?

Mr. Mayhew: The Japanese fishing treaty has been before the committee on marine and fisheries for the last five or six weeks. The committee recommended it for the approval of the house, but I have no intention of asking the house to ratify the treaty at this session.

Mr. Carter: May I ask permission to call it eleven o'clock, Mr. Chairman?

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, on Monday, which will be a long day, we shall proceed with the following bills and resolutions: Bill No. 335, to amend the Cold Storage Act; Bill No. 310, for the control of traffic on government property; Bill No. 306, the third reading of an act to amend the Combines Investigation Act and the Criminal Code. Then we shall move to go into supply and call two new departments.

Mr. Knowles: How many?

Mr. Fournier (Hull): Two; report progress, and ask leave to sit again later that day. I believe we may also dispose of the resolution in the name of the Minister of Resources and Development to amend the Northwest Territories Act; Bill No. 210, to provide for carrying into effect the treaty of peace between Canada and Japan; Bill No. 333, to amend the International Boundary Waters Treaty Act; Bill No. 336, respecting marine and aviation war risks insurance and reinsurance agreements. If we had more time we could continue the estimates of fisheries.

Mr. Knowles: And public works?

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

[The following items were passed in committee of supply]:

DEPARTMENT OF LABOUR

A—Department—

General administration—

187. Departmental administration, $598,070.

188. To provide for expenses of the economics and research branch, $499,783.

189. Annuities Act—administration, $956,386.

190. Fair wages, conciliation, industrial relations, industrial disputes investigations, including the administration of legislation relating thereto, and for activities *re* promotion of co-operation in industry between labour and management, $428,093.

Supply—Labour

191. Canada labour relations board, $6,250.

192. International labour conferences, $62,608.

193. *Labour Gazette*, authorized by Labour Department Act, $126,996.

194. To provide for the effective organization and use of agricultural manpower, including recruiting, transporting and placing workers on farms and related industries and assistance to the provinces pursuant to agreements that may be entered into by the Minister of Labour with the provinces and approved by the governor in council, $280,000.

195. To provide for investigations and inspection work in relation to working conditions in industries where the federal government has exclusive responsibility; field work in respect to wages and hours legislation; co-operation in accident prevention and workmen's compensation, $25,000.

Vocational training co-ordination—

196. Administration, $40,800.

To provide for carrying out the purposes of the Vocational Training Co-ordination Act, 1942, and agreements made thereunder; to authorize the Minister of Labour to enter into agreements with any province on terms approved by the governor in council for the training of persons to fit them for defence industries, the training of members of Her Majesty's forces and other persons to fit them for skilled armed services occupations, and training under youth training projects and to provide for the expenditures thereunder and under vocational training agreements entered into in previous years—

197. Training payments to the provinces, $4,027,000.

198. Payments to the provinces for capital expenditures for vocational schools, buildings and equipment, $1,134,000.

Government employees compensation—

199. Administration of the Government Employees Compensation Act, $65,745.

Terminable services—

200. To provide for expenditures incurred in implementing recommendations of the national advisory council on manpower, and for the administrative costs of the council, $107,950.

201. Vocational training for discharged members of Canada's armed forces, including undischarged commitments of previous years, $5,000.

202. To provide for payment to the national film board for educational films for exhibition, $24,000.

203. To provide for expenses that may be incurred in the arranging for and the movement of workers from outside Canada to work on farms and other essential industry in Canada when Canadian labour is not available to meet the need; including costs connected wtih the supervision and welfare of persons already immigrated to Canada under former authorized labour movements and administrative expenses connected therewith, $876,933.

204. Co-ordination of rehabilitation of disabled persons, $77,000.

B—Unemployment Insurance Act, 1940—

205. Administration, including expenditures incurred in connection with the activities of the national employment service as delegated by the Minister of Labour in accordance with section 88 of the act, $25,390,583.

206. Government's contribution to the unemployment insurance fund, $32,000,000.

207. To provide for the transfer of labour to and from places where employment is available in agriculture and industry and expenses incidental thereto, in accordance with regulations of the governor in council, $200,000.

HOUSE OF COMMONS

Monday, June 16, 1952

The house met at eleven o'clock.

IMMIGRATION

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. D. F. Brown (Essex West) presented the first report of the special committee on Bill 305, an act respecting immigration, and moved that the report be concurred in.

Motion agreed to.

DAIRY PRODUCTS ACT

REPEAL OF CHAPTER 39, STATUTES OF 1951

On the order:

First reading of Senate bills—Bill No. 307 (Letter B of the Senate) intituled: An Act to amend the Canada Dairy Products Act.—Mr. Croll.

Mr. David A. Croll (Spadina): Mr. Speaker, I would ask the Minister of Agriculture to take over this bill standing in my name on the order paper.

Right Hon. J. G. Gardiner (Minister of Agriculture) moved the first reading of Bill No. 307 (from the Senate), to amend the Canada Dairy Products Act.

Motion agreed to and bill read the first time.

QUESTIONS

DEEP-SEA FISHING IN NOVA SCOTIA

Mr. Balcom:

1. How many men are employed at deep-sea fishing in Nova Scotia, in (a) trawlers or seine liners; (b) inshore fishing?

2. What is the value of (a) catch of 1 (a); (b) catch of 1 (b); (c) equipment in 1 (a); (d) equipment in 1 (b)?

Mr. MacNaught:

*1. (a) 4,116 (1); (b) 11,607.

*2. (a) $7,000,000 (2); (b) $14,400,000; (c) $7,594,640 (3); (d) $3,063,780 (4).

*Information based on statistics for calendar year 1950.

Notes

(1) This figure includes men on vessels of from 10 to 20 gross tons. A great number of these vessels fish offshore for certain periods of the year, at other times they are engaged in inshore operations. It is not possible therefore to give an exact figure of the number of vessels or men solely engaged in either offshore or inshore operations during a year.

(2) Estimate.

(3) Including vessels of from 10 to 20 gross tons that participate in offshore operations on a part-time basis. Value of fishing gear is not included.

(4) Excluding vessels of from 10 to 20 tons (gross) which engage part-time in offshore operations. Value of fishing gear is not included.

FARM IMPROVEMENT LOANS

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

1. How many farm improvement loans have been made in each of the provinces under the Farm Improvement Loans Act of 1944, since April 1, 1951?

2. What has been the total amount of such loans for each province for the same period?

3. How many loans have been made in 1952 to date, in each province?

4. What is the total amount of such loans in each province?

5. Through what banks were loans financed in Newfoundland in 1952?

6. For what purposes have loans been made in Newfoundland?

7. In what sections of Newfoundland have loans been made?

Mr. Sinclair:

1 and 2. From April, 1951, to April 30, 1952, both dates inclusive, loans under the Farm Improvement Loans Act, 1944, have been made in the number and amounts as follows:

	Number of Loans	Amount of Loans
British Columbia	2,171	$ 2,278,622.35
Alberta	24,009	27,354,487.05
Saskatchewan	29,650	35,099,804.20
Manitoba	11,921	13,211,625.63
Ontario	12,866	13,918,497.59
Quebec	6,060	6,908,248.35
New Brunswick	762	813,463.51
Nova Scotia	768	703,006.42
Prince Edward Island	1,465	1,350,554.50
Newfoundland	9	9,951.50
	89,681	$101,648,261.15

3 and 4. From January 1, 1952, to April 30, 1952, both dates inclusive, loans under the

Farm Improvement Loans Act, 1944, have been made in number and amounts as follows:

	Number of Loans	Amount of Loans
British Columbia	593	$ 631,883.78
Alberta	6,490	7,352,474.36
Saskatchewan	8,092	9,162,485.91
Manitoba	3,064	3,177,689.40
Ontario	3,153	3,803,317.62
Quebec	1,125	1,305,196.15
New Brunswick	160	166,354.97
Nova Scotia	163	166,834.25
Prince Edward Island	319	310,930.19
Newfoundland	6	7,539.00
Total	23,525	$26,084,705.63

5. The Bank of Nova Scotia.

6. The purposes for which loans were made in Newfoundland were to finance the purchase of farm implements and livestock and the construction, repair or alteration of farm buildings.

7. Loans have been made in Newfoundland in those sections centring at Bay Roberts, Channel, Corner Brook, Springdale and St. John's.

MAILING OF OLD AGE SECURITY CHEQUES

Mr. Knowles:

1. On what day of the month are old age security cheques put in the mail?

2. Has consideration been given to mailing these cheques in time so that they will be received a few days in advance of the end of the month?

3. If so, what is the result of such consideration?

Mr. Sinclair:

1. On the last business day of the month.

2. Yes.

3. The decision to delay delivery of old age security cheques until the first few days of the month following the month the payment purports to cover was determined by the following considerations:

(a) Old age security cheques are issued by the same offices and with the same equipment as are used for family allowances payments and sufficient time is not available after the closing-off of the family allowances cheque-run to permit the old age security cheques to be prepared and dispatched to the post offices in time for delivery to the payees several days before the close of the month. The alternatives would be (a) to advance the mailing date of family allowances cheques; or (b) to increase staffs and equipment so as to enable the preparation and delivery of the cheques by, say, the 28th of the month.

(b) The banks are heavily engaged during the last few days of the month in handling government cheques in payment of salaries and wages of civil servants, war pensions, veterans' allowances, assigned pay of members of the armed forces, superannuation, and many other month-end payments, and it was accordingly felt that to add a further 650,000 cheques to this load would place an unreasonable burden on the banks.

(c) The addition of a further 650,000 cheques to the month-end issue would overburden the cheque adjustment branch of the Department of Finance, which is already heavily taxed in clearing the existing month-end issues mentioned in (b).

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN NATIONAL RAILWAYS—STEAM LOCOMOTIVES

Mr. Pouliot:

1. How many steam locomotives were repaired during 1951 in each of the Canadian National erecting shops?

2. Before the expiration of the year 1951, what was the repair program as to steam locomotives at the Canadian National erecting shops during the current year (1952), and how were such repairs to be apportioned in each of the said erecting shops?

3. Since January 1, 1952, how many steam locomotives have been sent to each erecting shop for repairs?

4. What was the original program established in 1951 concerning the repair of steam locomotives for the period April 15 to May 15, 1952?

5. During that period, how many steam locomotives were sent to each of the Canadian National erecting shops for repairs?

6. What types of locomotives were to be sent to Riviere du Loup for repairs?

7. If they were not sent to Riviere du Loup, to what erecting shop were they sent for repairs?

Mr. Benidickson: Now tabled.

DOMINION ARCHIVES

Mr. Courtemanche:

1. Have the manuscripts of Marshal de Lévis and the Beauharnois papers been acquired by the dominion archives?

2. If so, when, and at what cost?

3. What employees of the archives hold history degrees from Canadian universities?

4. What members of the staff of the archives are working on the cataloguing of manuscripts?

5. Were Canadian historians consulted with a view to improving the service of the public archives?

6. If so, what were their recommendations, if any?

Mr. Bradley: Tabled herewith.

TENDERS—CHANGES IN SPECIFICATIONS

Mr. Green:

1. Do any of the departments, after having called for tenders for certain goods, make changes in the specifications on the basis of which such tenders were called?

2. If so, which departments follow this practice?

3. Is notice of the change given to firms which have submitted tenders?

4. Are such firms given an opportunity to re-tender?

WAR VETERANS ALLOWANCE ACT

AMENDMENTS RESPECTING ALLOWANCES FOR WAR VETERANS AND THEIR DEPENDENTS

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

That the following amendments be made to Bill No. 181, intituled: An act respecting allowances for war veterans and their dependents:

1. That in paragraph (a) of subclause one of clause three the words: "sixty-five" be deleted and the word: "sixty" be substituted therefor.

2. That subclause one of clause six be amended by inserting after paragraph (h) the following: "(i) interest on bank deposits and bonds and dividends on shares in the capital stock of any company to the extent of twenty-five dollars per annum from all such sources;" and by relettering the present paragraph (i) as paragraph (j).

3. That subclauses two and three of clause thirty-one be deleted and the following substituted therefor:

"(2) Every person who, immediately prior to the coming into force of this act, was in receipt of an allowance under the War Veterans Allowance Act, 1946, may be paid an additional allowance equal to the amount that he would have been eligible to receive under this act in respect of the period between the first day of January, nineteen hundred and fifty-two, and the coming into force of this act, if this act, except section four, had been in force during that period, less any amount that he was eligible to receive under the War Veterans Allowance Act, 1946, in respect of that period.

"(3) Every person (a) who was awarded an allowance under the War Veterans Allowance Act, 1946, whose allowance was discontinued and was not being paid immediately prior to the coming into force of this act, for the reason that the amount of his income rendered him ineligible for the allowance, or (b) who, prior to the coming into force of this act, applied for an allowance under the War Veterans Allowance Act, 1946, but was not granted the allowance for the reason that the amount of his income rendered him ineligible for such an allowance, may apply for and be granted an allowance in respect of the period between the first day of January, nineteen hundred and fifty-two, and the coming into force of this act equal to the amount that he would have been eligible to receive under this act in respect of that period if this act, except section four, had been in force during that period, less any amount that he was eligible to receive under the War Veterans Allowance Act, 1946, in respect of that period."

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

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

AUTHORIZATION TO MAKE CAPITAL EXPENDITURES IN 1952

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to make capital expenditures in the year 1952 not exceeding $154,755,280 and to make certain capital expenditures and enter into certain contracts prior to July 1, 1953; to authorize the national company to issue securities to provide amounts required for the authorized expenditures; to provide that the aggregate principal amount of securities, not including any securities issued to secure temporary loans made by the Minister of Finance, outstanding at any time shall not exceed $202,405,280; to authorize the governor in council to guarantee the principal and interest of securities issued by the company for the purpose aforesaid; to authorize the Minister of Finance to make temporary loans to the said company secured by such securities and not exceeding $202,405,280 in principal amount to enable the said company to meet such expenditures and with authority to give financial aid and assistance to other companies of the said national system.

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

Motion agreed to.

ORAL ROBERTS HEALING CAMPAIGN

INQUIRY REGARDING REPORTED CUSTOMS CHARGES

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): Mr. Speaker, I should like to direct a question to the Minister of National Revenue, but as I did not have time to inform him of it beforehand I ask that he take it as notice and perhaps give an answer tomorrow. Would the minister give the reasons why the customs office at Windsor, Ontario, charged the Oral Roberts Healing Campaign, which is a religious organization, $700 on their coming into Canada for a 16-day healing mission?

Hon. J. J. McCann (Minister of National Revenue): I shall give an answer at the next sitting.

LABOUR CONDITIONS

STRIKE IN LOGGING AND LUMBERING INDUSTRY IN BRITISH COLUMBIA

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Would it be possible to have a statement from one of the members of the government concerning the strike in the logging and lumbering industry in British Columbia? I notice the Minister of Labour (Mr. Gregg) is not here but perhaps we could have a statement tomorrow.

Right Hon. C. D. Howe (Minister of Trade and Commerce): The strike in the forest industry in British Columbia is a matter

entirely within the jurisdiction of that province. No federal minister would have authority to give an explanation.

COLD STORAGE ACT

GRANT OF SUBSIDY—AUTHORIZATION FOR PAYMENT OF UNPAID INSTALMENTS

Right Hon. J. G. Gardiner (Minister of Agriculture) moved the second reading of Bill No. 335, to amend the Cold Storage Act.

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

On section 1—*Subsidy payment.*

Mr. Charlton: Would the minister explain just what this amendment is?

Mr. Gardiner: The provision in the act as it now stands is for payment by the federal government of 30 per cent of the cost, an initial payment to be made followed by four equal payments. It has been represented to us that some of the provinces might desire to make grants as well toward the establishment of cold storage plants and for that reason it was thought better to have a three-way split, one-third by the federal government, probably one-third by the province and one-third by those who were desiring to have the cold storage constructed. That was the reason for making it one-third instead of 30 per cent.

It must be remembered that this act was brought in in 1907 and was merely experimental at that time. It was thought best to have these payments spread over four years in order to keep some check on the charges that were made and on other regulations that might be applied to the operation of the plant. Our experience has indicated that there is no real advantage in that as these plants run for long terms of years. After four years there is no more control to be exercised by the fact that you are holding back money, although we still exercise the same control after the four years has passed.

It was thought by those who are benefited, particularly the co-operatives, that it would be of great help if the payment was made at one time thus doing away with the necessity to borrow money and pay interest thereon. So far as the government is concerned, it does not mean any more after we get into it a short time as the payments per year will be just about the same.

Mr. Coldwell: I am not opposing the bill but as a matter of information will the minister state whether this was discussed with the provinces before the legislation was brought in? Is it being done at their request or with their approval?

Mr. Gardiner: There has been no relationship with the provinces in connection with this matter. It was discussed with co-operatives and others who are putting in cold storage facilities and it has been represented to us that some of the provinces might pay something toward these facilities. That is not any concern of ours; it is just a concern of the organization setting up the cold storage. However, they have suggested that if it was on a one-third basis a proper proposal for them to make to the province would be one-third from us, one-third from the province and one-third to be provided by the operator.

Mr. Wright: Would this apply to the case where a province itself builds a cold storage plant?

Mr. Gardiner: It does not apply to cold storage plants put up by provinces; it does apply to cold storage plants put up in provinces by others and toward which the province may be making a grant.

Mr. Fulton: It is suggested that the following words be added to the section:

In respect of which a contract has been entered into pursuant to section 3.

What is new about that? Has it always been necessary that a contract shall have been entered into before a payment was made even though those words were not in the section?

Mr. Gardiner: Section 3 reads:

All applications, accompanied by the information required by section two of these regulations, shall be filed in duplicate with the Department of Agriculture, Ottawa.

That is all there is in section 3.

Mr. Fulton: It would appear that there is a new requirement to be met, that a contract must be entered into before this payment can be authorized. I would take it that previously no such contract was necessary, that it was merely approval that was required.

Mr. Gardiner: There always has had to be a contract entered into. Whether that was required by the act before, I am not certain.

Mr. Coldwell: Not only does this act assist the co-operatives to build storage plants, it assists private industry to do the same thing. If that is the case, why should not a province be assisted when it wishes to build storage plants in order to take care of surpluses that may arise from time to time. At the present time, there is a surplus of one

commodity in Saskatchewan. I was told last Tuesday, for example, that eggs were being sold at Sonningdale in the northern part of my constituency for as low as 8 cents a dozen.

Mr. Gardiner: There is no reason why that should be.

Mr. Coldwell: Consequently it seems to me that the provinces should be encouraged to build storage plants. If private interests such as the packing companies are going to receive assistance then it seems to me that the provinces should receive some federal assistance in the building of these plants.

Mr. Nowlan: I quite agree with the minister that it is a desirable change to have the subsidy paid in one instalment rather than as heretofore. As he has said, perhaps it has been embarrassing to the companies which have proceeded with construction, but his department has always had control in any event. There is one matter I should like to raise about which I am not certain, and I think it is one to which the department should give careful consideration. His department has had cases of applications for a cold storage subsidy where additions are being made to existing plants. The ruling by the department has been based upon an old ruling of the Department of Justice, and I might say to the Minister of Justice that, with respect, I think it is a ruling that is substantially in error. The ruling was that new construction or a new addition could not participate in any additional subsidy unless it was in a new building or an addition to the building. For instance, if you build a wing on a building and instal cold storage machinery therein then that cold storage machinery would qualify to receive an additional subsidy. In the particular case which was referred to the department a few months ago—and I notice the official who dealt with it is here and is listening—it was proposed to instal machinery for the purpose of cold storing vegetables in the basement of the United Fruit Company plant which had theretofore dealt specifically with fruit. No additional capital expenditure whatsoever was involved for the construction of a building and the department had to rule, basing itself on the old ruling of the Department of Justice, that since there was no additional structure or addition to the building the machinery did not qualify for an increased subsidy. It was admitted, however, that if an addition to the building had been installed the department would have been required to pay a much larger increased subsidy because the company could then qualify for the cost of the building as well as the machinery.

It seems to be a most unfortunate situation that a company which is trying to economize, both in its own expenditure and that of the department, in installing machinery in existing facilities, cannot qualify for a subsidy whereas if they had gone to the expense of building a new wing on their plant and putting the machinery in that wing they could have received a subsidy for both the machinery and the new wing. I would hope that the reference to a contract might obviate that. If it does not I suggest to the minister that he should give the matter very careful consideration, and possibly before the legislation is passed either he or his colleague, the Minister of Justice, might get a new ruling or amend the legislation so that it would be possible to make a new ruling. Otherwise it is a most unfair situation.

Mr. Gardiner: When the question of whether we would amend this legislation this year was under consideration it was found that there were some respects in which the act should eventually be overhauled. We did not think there was time to do that at this session, but we are hoping to bring down a bill for a revision of the act at a later session. I hope it will be at the next one. However, for the time being we thought the two particular amendments that are proposed should be put through, namely, the one providing for a subsidy of 33⅓ per cent instead of 30 per cent and the other providing for payment all at one time. That is all we intend to do by this measure at the moment. I suggest that any other amendments that are necessary stand over until another session.

Mr. Nowlan: Under the existing practice the minister's department has to agree on the amount which is actually being expended for cold storage purposes and then, in the case of the province of Nova Scotia at least, the province accepts the departmental valuation, which I think has always been fair. As the minister knows, the province is then prepared to lend money on a mortgage based on the departmental valuation. I presume under the new procedure of substituting a contract for the original practice there will still be a valuation made by the minister's department which will be available to the province. Otherwise I think the province would have considerable difficulty in properly making advances under mortgages. Will that be continued?

Mr. Gardiner: I will have the matter looked into.

Mr. Carroll: I want to ask the minister a question. At Margaree Forks there is a butter factory. A couple of years ago Mr. Lewis of the Department of Agriculture went down there and there is an agreement now between

the department and the co-operative for the installation of cold storage, but there seems to be some misunderstanding on the part of the co-operative as to the meaning of the contract. When this measure becomes law, as it undoubtedly will, and when satisfactory arrangements have been made for the construction of the cold storage unit which will involve an addition to the butter factory, will the co-operative be able to get the full amount of the subsidy when the cold storage facilities have been satisfactorily built and installed?

Mr. Gardiner: From the description given I am not altogether certain whether it is this act or the Cheese and Cheese Factory Improvement Act that is involved in that arrangement. Under our Cheese and Cheese Factory Improvement Act there is provision made whereby we pay 50 per cent of the cost of installing a cooling room in a plant. That does not come under this act. Under this act the provision has always been, and I think it is still the case under the amendments—I do not think there is any change—that where an application is made for a grant under the Cold Storage Act the department has to be satisfied with respect to all the points covered under section 2 before they will consent to a grant being paid, but once they are satisfied that these points have been met then the grant is paid in all cases. There is no question about it provided the conditions are met by the company.

Mr. Carroll: In this case it is not an addition to the creamery itself. As their agreement specifies, the purpose is to provide storage for the farmers of the community who wish to store certain meats, vegetables, eggs and so on during the process of distribution.

Mr. Gardiner: I would not like to give a decision on any particular case. That is provided for in the terms of the act. If they have met the conditions of the act they will receive payment.

Mr. Thatcher: Would the minister state how much was paid out under this particular act in the last fiscal year?

Mr. Gardiner: The amount paid was $503,697.39.

Mr. Smith (Moose Mountain): I am not clear on who can obtain grants. Can an individual obtain a grant or must it be a co-operative or a packing plant?

Mr. Gardiner: Anyone who is constructing cold storage facilities can obtain a grant, whether it is an individual, a corporation or a co-operative. However, in so far as freezer plants are concerned, which are provided for under this act, only co-operatives can obtain a grant.

[Mr. Carroll.]

Mr. Gibson: Could a crown company get what everybody else seems to be getting?

Mr. Gardiner: No. I answered that earlier. A provincial government set-up does not receive the grant.

Mr. Charlton: Would the minister explain why provincial governments which build co-operative cold storage plants do not receive the grant?

Mr. Gardiner: The act does not provide for it and I am not recommending that it should.

Section agreed to.

Sections 2 and 3 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

GOVERNMENT PROPERTY

CONTROL OF TRAFFIC

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 310, for the control of traffic on government property.

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

On section 1—*Short title.*

Mr. Gibson: I am just wondering whether we are going to have a bit of general discussion with the minister as far as the parking problem on the hill is concerned.

Some hon. Members: No.

Mr. Gibson: Well, I think we have got time as we started pretty early today. I quite appreciate the difficulty we are having now and I am all in accord with having something done about it. It certainly is a very deplorable situation at the moment. My good friend the Minister of Public Works is a man of infinite ideas but I would just make one or two observations about what I think might be improved around this place.

I appreciate that cabinet ministers with their drivers do not have the same problem as private members, which is all to the good, because I would hate to see a cabinet minister digging his car out of the snow here in the winter time. I do not think that would be proper.

We have these open parking lots and the snow piles up on the cars which are sometimes buried for days. Sometimes cars are frozen up here because of the fact that we lack electric plugs to keep them warm. With the ingenuity of the Minister of Public Works I think something might be done to improve that situation.

I do not know whether we ought to have underground parking here but there are some banks into which we might burrow, or we might have put up some of those artistic greenhouses to cover our cars. That is just a thought, but certainly things are not good now.

I know that the minister will agree with me that it is quite a problem to keep up with snow removal in the winter, having to remove cars which have been stalled there all night. I would think that in the long run we could make a good many improvements if the minister would give the problem some thought.

Mr. Fournier (Hull): May I put the hon. gentleman right? Maintenance of the grounds around parliament hill is under the control of the federal district commission. Circulation of traffic on the hill has always been handled by the mounted police. The points brought out this morning, although they interest me as an individual, do not interest me very much as Minister of Public Works. I have tried, in the last few weeks, to divest myself of the authority because I have no personnel to look after the welfare of ministers and members. Now that the Minister of Justice is handling this question, and with the mounted police under his jurisdiction, I think everything will be fine after this bill goes through.

Some hon. Members: Hear, hear.

Mr. Lennard: Might I remind the member for Comox-Alberni that if some of the members living in Ottawa would not leave their cars here overnight it might relieve the congestion.

Mr. Browne (St. John's West): I wonder if the Minister of Justice has taken a survey of the number of cars owned by members who must park on parliament hill? If traffic continues to be as great as it is now I suggest that he put in parking meters.

The Chairman: Shall clause 1 carry?

Mr. Johnston: We cannot hear very well up in this corner so I did not get what the minister was saying. This bill is an act to control traffic on government property and I presume it will cover parking on the hill. It has seemed strange to me that if the government has not got any power to control traffic on the hill—and I understand that is the case—parking lots for ministers can be very effectively controlled and are being controlled. I am not objecting, and I think it is the proper thing, but it does seem rather queer to me that there is authority for the mounted police to control certain sections while they have no power to control other sections of the hill.

Parking has been very, very bad here on the hill. One day last week I came in and drove around the building three times to see if I could find a parking spot. I could not and when I asked the policeman where I could go he said that I should take my car away down below the buildings and I would find a place to park. I know of another person who came here at nine o'clock in the morning the other day and could not find a place to park. He had to take his car away down behind the justice building.

I am sure that there are a great many cars parked on parliament hill which are not owned by people who are employed here. Even if those cars were prohibited I do not think that would solve the question, and I do think the member for Comox-Alberni had a good suggestion. I have often wondered why there could not be underground parking. As you come up to the entrance of this building there is quite a hill and I cannot see why there could not be very effective parking under the driveway. It would be quite an undertaking but it would to a great extent solve the parking problem. It might be necessary to take some of the space now covered by grass and convert it into parking areas.

Some hon. Members: No.

Mr. Johnston: The situation is such now that those who are compelled to use cars to get here every day—and I am in that group—just cannot find a parking spot. I do not know where to put my car if I cannot put it up here. I cannot park it on the city streets because the police will soon notify me about that. The question has become a very serious one and I hope this bill is wide enough in its terms to allow for some form of parking regulation on the hill, and that the Minister of Public Works, if he has the authority, will make further parking arrangements.

Mr. Fulton: There is just one point I want to raise. It is not very often that an opposition member comes or attempts to come to the relief of the government but I do raise the question now whether it is wise to provide that the governor in council shall make these regulations. We are not dealing here with something that affects the country generally. Certainly if that were the case I would not be one to suggest reducing the number of those who assume executive responsibility; but we are dealing with regulations affecting something that is already the property of the government of Canada. I suppose the minister has considered this, but I am wondering whether

it is wise to require that the whole cabinet should sit and pass on a parking regulation or a speed limit, instead of giving that responsibility to one minister, by giving him power to make regulations?

On the face of it, it seems much more sensible to suggest that the administration of government property with respect to traffic regulations should be vested in one minister, whether it be the Minister of Justice or the Minister of Public Works, so there could be the one body and you would not need the whole cabinet passing an order in council to control traffic. The Minister of Public Works will control the public buildings, and the federal district commission will control some lands, while for other places it may be the Minister of Justice. I raise the question whether it seems wise to have the whole cabinet saying that you should not go more than twenty miles an hour on government property, rather than have one minister make regulations.

Mr. Graydon: Will the minister say who parks in front of the building along Wellington street? I notice cars down there.

Mr. Fournier (Hull): At one time the press gallery requested space there, and I know that during the summer months tourists park their cars there. It was found that the act we had did not give us the authority to control the circulation of traffic or parking on the hill. The Department of Justice has gone into this new bill, and they tell us that with these powers in this bill they will be in a position to control the circulation of traffic and parking on the hill.

My difficulty has always been that the regulations came under my department but I had nobody to enforce them. They had to be enforced by the mounted police. The police became discouraged, because when they tried to use their authority it was found they could not enforce the regulations. The legal lights in the Department of Justice have told us that this bill is nearly perfect. I hope that it will be, and that we will be able to control this traffic.

Mr. Knowles: You had better frame it.

Mr. Fournier (Hull): I do not think it is a pious hope, because the police will see that order is kept on this property.

Mr. McIvor: I am a little inclined to oppose this bill, because we only hear one side of the story. We hear the side of the members of parliament, but we do not hear the side of those who are employed by parliament. There are civil servants who belong, in one sense, to the House of Commons, and we should look after them. Some of these people have purchased small cars in order to obviate the necessity of paying for any other mode of transportation. I think these civil servants should have some consideration. I am therefore a little bit doubtful whether this measure is going to work. After this bill passes even the members of the mounted police themselves could not park a car on parliament hill.

Section agreed to.

On section 2—*Regulations.*

Mr. Garson: Perhaps I might answer one or two of the observations that were made by hon. members. The answer to the question raised by the hon. member for Bow River, as to the enforcement of parking regulations in the parking area for ministers, is that the mounted police have been purporting to administer certain regulations which were passed under the existing statute. The reason we are asking for a new statute now is that on at least three occasions on which prosecutions were launched for offences under these existing regulations the crown lost the case. There is a grave doubt as to whether what we are now purporting to do can be made to stick when it is taken into court.

The whole purpose of the present bill is to provide a proper statutory foundation upon which enforceable regulations can be made by the governor in council. I think that, having regard to the fact that the governor in council will be making regulations in relation not only to the parliament buildings but to other government property, it is desirable that they should be made by the governor in council, and not by the minister who may be in charge of this or that government property.

With regard to the point raised by the hon. member for Fort William, I would suggest that we are seeking here for authority to pass regulations, and I would assume that some provision would be made for civil servants, subject to the claims of members of parliament and ministers, in the framing of those regulations.

Mr. McIvor: Thank you.

Mr. Garson: With regard to the observation made by my colleague the Minister of Public Works to the effect that the Department of Justice is affirming this is a perfect bill, his remarks place me in an embarrassing position because I now have to suggest an amendment to clause 2. This matter came to our attention after the bill had gone to the printers. If members will look at the first two lines of section 2, they will see that they read:

> The governor in council may make regulations for the control of traffic upon any lands belonging to Her Majesty in right of Canada,—

We think there is a possibility, although it seems perhaps a remote one, that we should take care of by inserting the words, "or occupied by", after the words "belonging to", to cover those lands which perhaps Her Majesty will hold under lease or otherwise. I would therefore suggest that my colleague the Minister of Fisheries move an amendment to that effect. I may say that we will also be amending clause 4 of the bill by consequential amendments of the same character.

Mr. Mayhew: I move:

That clause 2 be amended by inserting the words "or occupied by" after the words "belonging to" in line 7 on page 1.

Mr. Drew: There is one point that arises in connection with this that perhaps may not be so clearly under this bill as under some other provision, but I think it should be raised at this time. As I understand this bill it would, if enacted, give the government the proper authority over the highways and other properties which would be under the jurisdiction of the federal district commission. Is that correct?

Mr. Garson: Subject to the control which they have. This bill is a general one and the first part reads:

The governor in council may make regulations for the control of traffic upon any lands belonging to Her Majesty in right of Canada,—

And after this amendment comes into effect it will read, "or occupied by Her Majesty."

—and in particular, but without restricting the generality of the foregoing, may make regulations.

Then, those regulation-making powers are specified. I wish to point out to the hon. member in relation to the point he has just raised that this is an empowering bill, and any regulations which are passed by the governor in council under it will be co-ordinated with any existing regulations which there may be under the authority of the Federal District Commission Act.

Mr. Drew: I can think of a number of cases that might arise under this, but at the moment I do not intend to amplify them. I do wish to speak of one problem, of which the Prime Minister would have an appreciation, and I do so not because I happen to use these bridges frequently myself, but I would point out that on the road that leads to Government House and to other official buildings, where of necessity many people visiting Ottawa on official business must pass back and forth, there are two of the most dangerous bridges of which I know anywhere in Canada. I do not think I am exaggerating when I say that nowhere in any city have I seen two such dangerous bridges as those between here and Government House which, of necessity, must be frequently visited by those coming here on official business, to say nothing of those who have occasion to use the road for other purposes. I would suggest that, until the bridges can be changed, the federal district commission and the other authorities concerned may find it possible to work out better traffic regulations, and that should be approached as soon as possible.

As the minister knows, people have been killed there under circumstances which may have involved none of the ordinary negligence which often arises on occasions of that kind. In darkness, when it is raining or if it is foggy, even the most careful driver might easily have a fatal accident on one of these bridges. Cars carrying important visitors to this country on official business find themselves approaching the bridge without any real evidence of the fact that one half of it is for vehicular traffic and the other half for street-cars. I need say no more than that in dealing with the matter at this moment. I simply seize the opportunity to suggest to the minister that in some way, through the various agencies that have something to do with this subject, steps be taken to insist upon some effective traffic regulations at that point until such time as those bridges can be replaced. Most certainly those bridges should be replaced at the earliest possible moment not only in the interests of safety but in the interests of appearance of that particular part of Ottawa.

Amendment agreed to.

Section as amended agreed to.

Section 3 agreed to.

On section 4—*Evidence.*

Mr. Garson: To clause 4 there will be amendments consequential upon that which has already been passed by the committee. The amendment will be as follows:

That clause 4 be amended

1. By inserting the words "or occupant" after the word "owner" in line 13 on page 2;

2. By inserting the words "or are occupied by" after the words "belong to" in line 25 on page 2; and

3. By inserting the words "as the case may be" after the word "Canada" in line 26 on page 2.

I will ask my colleague the Minister of Fisheries to make that motion.

Mr. Mayhew: I so move, Mr. Chairman.

The Chairman: Shall this amendment carry?

Mr. Knowles: Mr. Chairman, the only purpose of this consequential amendment, like the purpose of the amendment to clause 2, is to provide for any circumstances that may

arise. Is that correct? Might I ask the minister whether there are any cases specifically in mind at the moment? If so, what are they?

Mr. Garson: I do not think that I can affirm that there are, although I suspect that there are. In order to answer my hon. friend's question categorically, it would be necessary to go back over the titles of all the lands which are to be brought under this bill and examine them as to whether they are owned by the crown, or whether they are leased by the crown or otherwise occupied by the crown. That is an undertaking which I do not think would pay off having regard to the value of information which it would provide. In the great majority of cases the lands affected will obviously be lands owned by the crown; but there may be the odd one upon which the crown merely has a lease but which we are anxious to bring within this system of traffic and parking regulations.

Mr. Knowles: Is the minister satisfied that, with these amendments, he now has a perfect bill?

Mr. Garson: No, Mr. Chairman; that is an illusion that I have never permitted myself to entertain with regard to any bill.

Mr. McLure: May I ask who polices the grounds at the entrance and the exit?

Mr. Garson: The Royal Canadian Mounted Police police the grounds.

Mr. McLure: There never seem to be any there at 11 o'clock at night, where you are coming in or going out. The leader of the Social Credit party can tell you about that.

Mr. Graydon: This measure is much wider in its application than simply to Ottawa. As I understand it, this legislation governs the control of traffic on any lands belonging to Her Majesty anywhere in Canada. What I am wondering is this. Has the government given careful consideration to whether or not in other parts of Canada there is some arrangement there for the control of traffic by provincial or municipal authorities? If that is the case, has that matter been thoroughly canvassed in order to see whether in trying to settle some problems around Ottawa, you perhaps may be getting into, in other parts of Canada, some problems that are not in the minister's mind at all?

Mr. Garson: I have already stated—and I should now like to emphasize—that this present bill in itself does not make regulations with regard to traffic. It merely empowers the governor in council to make regulations with regard to traffic. In making those regulations in regard to Ottawa, I am sure that in the ordinary course of events, and as a matter of the most ordinary prudence, regard would be had to co-ordinating those regulations with the regulations which were in effect in the city that was concerned; or with any regulation in effect in a national park such as that at Banff, I am sure moreover that in all cases the provincial regulations would be checked to make sure that they could be co-ordinated most appropriately with those passed under this bill.

All we are doing by this bill is to give to the governor in council powers to pass orders in council making these regulations in respect of crown property. It is when we come to consider the terms of these regulations themselves that the considerations to which my hon. friend has just referred will arise.

Mr. Graydon: Did the government have in mind any other area in Canada when this measure was first introduced? If it is only for the purpose of dealing with an isolated case that arises on parliament hill, and if you are going to extend this, even with the enabling power which you give to make regulations all over Canada, it seems that you are, as it were, taking out a sledge hammer to try to kill a fly. I was wondering whether you would need to make the legislation as broad as you are making it. I should like to know, however, whether any other part of Canada was in the mind of the government, other than this difficulty on parliament hill?

Mr. Garson: I am only giving my impression. I have not sought any information nor have I been supplied with any information upon the point which my hon. friend is raising. The present law, being chapter 47, passed in July, 1930, reads in this way:

> The governor in council may make regulations for controlling or prohibiting the operation of certain vehicles in or upon any of the parks, roads, avenues and driveways which are situate on the property of His Majesty, and over which there exists no public right of way.

As my hon. friend can see, that language is general in its application. My impression is, however, that there were no regulations passed under that original bill except those which related to property within the cities of Ottawa and Chalk River. It was because this 1930 statute had certain drafting defects, which made the regulations passed pursuant to it unenforceable, that we are now seeking the present bill which we hope is a remedy for all of these drafting defects. For example, one was with respect to a road or driveway "over which there exists no public right of way". It was found that it was difficult to establish, as an ingredient of the offence, that there was no public right of way over roads or driveways situate upon the property of Her Majesty because obviously the public were going to and fro all the time upon those lands of Her Majesty. There were three or

four other defects of that sort which it was the purpose of this bill to clear up and which we think it has cleared up.

Mr. Graydon: In the area I represent, for instance, we have a good deal of government land. Part of this is at Malton airport; another part is the national defence property at Lakeview, more commonly known as the Long Branch rifle range. In the eastern and central parts of the rifle range area many hundreds of people are now located in an emergency housing development, as a result of arrangements with the city of Toronto. Streets and avenues have been laid out, and the traffic goes back and forth. This property is actually owned by Her Majesty in the right of the dominion. I noticed that the minister used the word "Canada", but it seems to me that he means the dominion. However, I suppose we will have to let him have his little say.

Mr. Knowles: Which dominion?

Mr. Graydon: Whether it is referred to as dominion or as federal property, hon. members will know what I mean.

Mr. Garson: On a point of privilege; I was quoting from an act passed in 1930, and the reference there was to Canada.

Mr. Graydon: I do not think anyone is objecting to it. My only comment is that the minister was pleased to be able to refer to it in that way.

In areas such as those to which I have referred, is it the intention of the government to make regulations as to speed, the designation of one-way traffic and the like, or is this bill really intended to cover only parliament hill?

Mr. Garson: My impression is that the immediate occasion for the passing of this bill is to provide enforceable regulations on property belonging to Her Majesty in the right of Canada, in the Ottawa area. My understanding is that traffic which flows upon property of the federal district commission is controlled by regulations passed under the authority of the Federal District Commission Act.

However, we control traffic on the property of crown municipal corporations, or municipalities such as Chalk River. The present measure would permit us to control traffic in places of that kind.

Mr. Graydon: You could.

Mr. Garson: Yes, we could. In fact, we do at Chalk River. But whether we would do it in other cases would depend upon whether there was a necessity for its being done. That, in turn, would depend upon whether it appeared that the application of provincial regulations to such area was inadvisable, or did not suit the peculiar circumstances of the area. I am sure my hon. friend would realize at once that we are not likely to go out of our way to invoke this statute throughout Canada, generally; because the carrying out of traffic regulations is not a task which elicits any great amount of gratitude from anyone.

Mr. Graydon: The minister is not out looking for trouble.

Mr. Garson: No.

Amendment agreed to.

Section 4 as amended agreed to.

Section 5 agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read a third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Speaker: There are amendments, and when that is so it is customary to have leave before a bill is read a third time, on the same day.

Mr. Garson moved that the bill be read a third time.

Motion agreed to, bill read the third time and passed.

COMBINES INVESTIGATION ACT

TO PROVIDE FOR ADMINISTRATION—ESTABLISHMENT OF RESTRICTIVE TRADE PRACTICES COMMISSION, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved the third reading of Bill No. 306, to amend the Combines Investigation Act and the Criminal Code.

Motion agreed to, bill read the third time and passed.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

CONSERVATION AND DEVELOPMENT OF NATURAL RESOURCES

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I intend to deal with a subject today which has been under consideration in the house on earlier occasions, and which is one that seems to call for increasing attention, in view of the extent to which other nations are looking to Canada as a source of raw materials for their defence requirements.

Conservation of Natural Resources

For many years we have been inclined to think of resources in this country as being inexhaustible; and for that very reason it took us a great many years to believe that there was any necessity in this country to introduce plans for the conservation of any of those great resources. Not long ago in the house a statement was made to the effect that we need not be greatly concerned about the raw materials that we were shipping out in large quantities.

I quote at this time the words used on June 3 by the Minister of Trade and Commerce (Mr. Howe), because it seems to me that they do draw our attention to a point of view which should be given careful consideration by the house. These are his words as they are reported at page 2855 of *Hansard*:

> Fortunately we have an abundance of raw materials. I do not know of any material produced in this country that is in poorer supply today than when we first began export of the commodity. We all know that instead of a lower production of metals we have a higher production of metals. We all know that we have been able, by exploring and prospecting this rich country of ours, to become a very large scale exporter of iron ore which we formerly imported in almost our total requirements. We know, as we export that iron ore, that we are not depleting this country for future generations, because we have the commodity in abundance.

And shortly before that, in the same speech, the minister said:

> Canada is immensely fortunate in that it is rich in those commodities the world needs and which the world is able to pay for, no matter what market conditions prevail in the have-not countries of the world.

Those words indicate that there is not yet in the minds of the government the belief that we need to conserve our resources in the face of the most unusual demands that we have been met with. In effect we are told that no matter what the demands by other countries may be, Canadians need not worry about expanding the export of raw materials because of their almost limitless quantity here in Canada.

It is true that our resources are enormous. Every hon. member of this house is aware of the extent to which exploration has expanded the knowledge of our available resources within these past few years. Nevertheless I suggest that it is wise for us at the same time to realize why it is that so many people from other countries have been pushing forward exploration and development of materials in this country. There is always the urge on the part of venture capital to seek new opportunities. That desire to find new places for investment undoubtedly would have produced extensive activities along that line in any event. However, there are other reasons why a great deal of this activity is being pressed forward. One of the main reasons for activity in some particular lines of raw materials is that the use of raw materials in other countries in recent years has exhausted or come within a measurable distance of exhausting their own supply. For that reason new and increasing demands are being imposed upon Canada.

We can quite properly say that no nation with a population similar to ours possesses even comparable resources. Even without the qualification as to population it may be said that few countries with any population have as great resources as we possess. Probably the only countries in the world that have resources available for new development to the extent that we have here are Russia, the United States and Brazil. Even in the United States it may now be doubtful if they have resources available for new development on the scale that we have in Canada.

But there is a tremendous difference. Russia with her great resources has 200 million people and with a number of satellite nations dependent upon her for resources. The United States has approximately 160 million people. Brazil with great and still relatively undeveloped resources has more than 50 million people as compared with the 14 million living in Canada.

There is one very important reason why our position is different from that of any other country. We live next door to a nation of 160 million people who have attained the highest level of industrial production ever attained by any nation in the history of the world. They have attained a level of industrial production which has built up a very high level of prosperity that they will naturally seek to maintain in every way they can. It is in our interests as well as their own that they do maintain the standard of living they have been able to build up.

Our proximity to the United States places our resources in a very different position from those of Russia, Brazil and other countries with still undeveloped resources such as ours. For all practical purposes Russia is a self-contained unit except to the extent that under very rigid direction they may channel the movement of resources and trade within the total area of the Soviet empire.

Brazil is far from the great industrial centres of the northern hemisphere. Brazil is the natural base of supplies for a great many types of production for South America as a whole. Brazil has the markets of South America at her doors. Brazil has no other nation next door which is likely to feel the need for drawing supplies of raw materials

which the United States requires at this time and for which she will naturally turn to us as being the closest neighbour in a very substantial measure.

These facts create a unique situation so far as Canada is concerned. Our position cannot be compared with that of any other country in the world today possessing resources in any way comparable to ours. Immediately to the south and within a short rail haul lie the great industrial centres of the United States which have pitched their productive capacity to a level which they are not going to be able to maintain from the supplies of raw materials available within their own boundaries.

When this government points to the tremendous expansion in export trade which has brought to this country such apparent prosperity within the past few years it seems to ignore the fact that in a very substantial degree that export trade is based upon the exhaustion of raw materials in our two greatest markets for raw materials. We have seen an enormous expansion in our exports of raw materials to the United States. We have seen an expansion of our exports of raw materials to the United Kingdom. Export to the United States has increased to a much higher level proportionately than it has to the United Kingdom. We know that the demands being made upon us, and which we are very fortunate to be able to meet to the extent that we are, have largely been the result of the unhappy fact that the need for defence preparations has tremendously expanded the type of industrial production in both the United States and the United Kingdom which is based upon the utilization of the kind of raw materials that we possess in such tremendous quantities. That demand is going to continue. It is going to continue even if the demand for defence stockpiling should be greatly eased. It is going to continue because industrial production in the United States and the United Kingdom will call for metals and other raw materials on an increasing scale in the years ahead. It will call for exports on an increasing scale by virtue of the fact the United States is coming within measurable distance of exhaustion of its own raw materials in a number of lines.

If any country ever had an object lesson in the need for conservation and the careful use of its resources Canada has had that object lesson in seeing what has taken place in the United States as well as our own country in certain types of employment of raw materials. We Canadians are the last who should speak of raw materials as being inexhaustible. True, we have not exhausted any of our raw materials, so far as I know. We have, however, had the most unfortunate proof that raw materials can be exhausted, and it has been for that reason that during recent years so many Canadians have been urging effective plans for the conservation of the great forest resources of this country. The dominion government and the governments of most of the provinces have taken steps to encourage conservation of forest resources because of the convincing and unchallengeable evidence they have seen of the extent to which there can be a dangerous depletion of that particular type of raw material right here in our own country.

The Minister of Trade and Commerce (Mr. Howe) and most other hon. members in the house have seen in different parts of Canada ghost towns which once were prosperous communities. They are ghost towns for no other reason than the depletion or exhaustion of resources. Some of them are still ghost towns. Fortunately some of them have been revived by methods of conservation or by employment of other types of resources. One of the more dramatic examples of the exhaustion of resources and what it means to a community is to be found in the Dawson City of today. Once it was a thriving, prosperous and busy community in the Yukon which based its wealth upon the apparently inexhaustible gold available by placer mining in that area.

I can think of many other communities from the Atlantic to the Pacific which are ghost towns today or which have lost their prosperity because not merely forest resources but other resources were depleted to the point where they could no longer sustain the population which had once lived in prosperity in these communities. The fact that we may still have a large over-all supply of raw materials does not ease the situation for those who suffer directly from a situation of that kind. I am mentioning these instances because of the statement that seems to convey the thought that our resources are not exhaustible.

There are other features to the employment of our resources which should also be borne in mind. We have taken steps in this country to conserve our forest resources. The federal government has made some very positive advances in the conservation and protection of forest areas. The provincial governments in those provinces with great forest resources have devoted large sums of money and great effort to their conservation. That effort has produced positive and satisfactory results in many cases. I can think of a number of communities in the province of Ontario, as can the Minister of Trade and Commerce, which have been revived from almost total inactivity

by the introduction of new methods and the use of other types of wood. The fact that these efforts became necessary and have been crowned with success in no way diminishes the evidence of the danger of depletion of resources.

I would point out that the danger of exhaustion of forest resources is not as great as in the case of certain other resources because if there are wise plans of conservation our forests become a continuing crop rotating over long periods of years which can be maintained at an undiminished level if by the combined wisdom of the dominion and provincial governments cutting and reforestation plans as well as protective measures assure that continuity. This does not apply, however, to mineral resources which are gone forever once they are removed from the rock or soil in which they were originally found. For that reason even greater attention needs to be devoted to the conservation of our mineral resources. We have seen a number of cases where the exhaustion of minerals left empty buildings which today stand as tragic evidence of what occurs when any community that has been dependent upon raw materials of that type can no longer obtain those raw materials. What has happened in isolated cases can happen on a broad scale as well.

There is another aspect of this question which I would like to emphasize in discussing the use of our forest resources. One of the reasons that there has been such a demand for wood from our forests here in Canada is the depletion of the forest resources of the United States. The reason that we are called upon to export to the United States such enormous quantities of paper, of pulp, and of other wood products as well as cut wood itself is largely the fact that they have failed to conserve their own forest supplies. Perhaps it was impossible in a country with 160 million people to conserve their forest resources. We should remember, however, that if their forest resources in their large land area could not be maintained in such a manner as to meet their requirements, it certainly would be possible for us to deplete our resources if we continued to meet all their requirements in the years ahead without exercising the utmost caution and wisdom in the supervision of our forest resources.

However, there is a very particular reason which has a bearing on the utilization of our resources. Why do we now earn so much money from our wood products? Last year our forest products industry in this country earned nearly $1,100 million, a large part of that in the form of United States dollars coming into this country for the purchase of paper, pulp and other wood products—as well as cut logs. The reason that we have built up this tremendous industry in Canada, and the reason that it is such a large earner of United States dollars as well as domestic dollars, lies in the positive policy that was adopted in this country in regard to the utilization of our forest resources.

Years ago it was decided as a matter of definite policy that we would follow a course which would encourage private enterprise to invest in the processing of cut wood in this country in a way that would create employment in Canada—employment at wage levels that are paid in industry using the raw materials. As a result of that we have seen the value of our forest products industry increase almost tenfold within a single generation. That is the direct result of a clear and definite policy of encouraging the manufacture, under private enterprise here in Canada, of wood products made from the trees cut in Canada. True, we have continued to export raw wood in many forms. It would appear that we are likely to continue that export for years to come. Canadians did, however, make a very simple decision. They decided that it was proper that Canadians themselves should benefit most from the use of the raw materials which Providence has placed at our disposal.

I cannot recall having heard or read of a single criticism, from what might be regarded as a well-informed quarter in the United States, of the adoption of that policy here in this country. True, there have been some criticisms of the incidence of that policy. I find, however, that the Minister of Trade and Commerce (Mr. Howe) has recently indicated in public statements that he approves of such steps as may be taken by those in Canada responsible for production which uses our forest products to obtain what they regard as prices which will adequately meet the demands for wages and other requirements here in Canada. While there has been a discussion of the price of newsprint and incidental details of that kind, I can only repeat that I am not aware of any case where anyone who might be regarded as well informed in matters of this kind has criticized Canada or has criticized Canadians for following the course of legitimate self-interest in this respect.

It seems to me that with the evidence we have that a policy of that kind can produce such striking and gratifying results in the case of the forest industry, we might well consider ways and means by which similar plans could be made for the utilization of our other resources to the highest level of employment here in our country.

When the United States found it necessary to turn to us for pulp logs to carry on their production of pulp, paper and similar products, they would have continued to supply their own mills with raw material from Canada and to have expanded the production in their own country instead of building mills in Canada if the same laissez-faire policy had been adopted in that case as has been adopted by this government in relation to our other raw materials.

Some hon. Members: Hear, hear.

Mr. Drew: There was no reason for the great pulp and paper producers in the United States to build mills in Canada if they could have obtained all the pulp logs they wanted simply by towing them across the great lakes at various points or carrying them by rail at other points in Canada. True, there would have been a pulp and paper industry here, but there is no hon. member in this house who is not aware that the reason for the tremendous increase in the production of paper in this country within the past few years, as well as the processing of pulp of various types and of other wood products, has been the encouragement of that industry through the various arrangements that were made with private industry under the legitimate direction of different governments within this country.

This subject now assumes a new relationship to the government of Canada at a time when, wisely or unwisely, the government has insisted upon renewing, in the years of peace, emergency powers which give it potential control over all of our resources. The Emergency Powers Act and the Defence Production Act, so long as they remain on the statute books, give this government a measure of control and a measure of direct interest in our resources which might be employed in ways as yet unknown by any member of this house. I have indicated my own concern about the extent to which those powers have been carried forward into the years of general peace. Those powers have, however, been conferred upon this government, and this government has the authority to exercise them at any time. There are many other ways in which the dominion government now has a relationship with industry and the expansion of industry which it did not have in the past.

Through the various government agencies, it is called upon to co-operate with private industry, and under various plans it may be called upon from time to time to give financial assistance for the expansion of private industry, either for defence or for other purposes. For all these reasons, there are many ways in which the dominion government today would be able to make arrangements for the erection of mills and industries across this country which would utilize, at the highest and best paid level of employment, the raw materials which we have in such abundance. I can only repeat that we would not have had this tremendous pulp and paper industry in Canada, about which we hear so much today, had there not been some positive plans to encourage the great companies in the United States to build mills in Canada.

It is no answer to that statement to point out that the largest of the pulp and paper industries is a Canadian company, financed by Canadians. That company was able to carry out its financing and its expansion because of the general impetus given to this industry through policies of the kind I have mentioned. Within recent years large new plants have been erected right across Canada because of positive policies of this kind.

Now, Mr. Speaker, when it was pointed out recently that there was a serious loss of our historic export markets in the United Kingdom for agricultural products of many kinds, we were answered with the statement that our exports to the United Kingdom, in dollar value, have been increasing during the past years and again within the past few months. It is true that we are exporting large quantities of materials required for defence production as well as other industrial production in the United Kingdom and the United States. It is true that the United Kingdom, as well as the United States, needs large quantities of nickel, aluminum, copper, zinc and other raw materials that we possess in such abundance. I need not go through the very long list of metals that we possess which today are in such great need, largely in other countries which at one time thought their resources were inexhaustible. They are being withdrawn at their present rate largely because of the failure to preserve the very rules of conservation which I am suggesting we should bear in mind here.

There is no reason why this country should be immune, over the years, from the same consequences as other countries have faced when they simply proceeded to use their resources without regard for the future. The answer that we are exporting a greater dollar value of exports to the United Kingdom is no answer to any farmer in this country. It does not in any way mislead him as to what has happened to our historic export markets in many lines. It obviously did not mislead the farmers of western Canada, and it has not misled farmers elsewhere. I hope no one will try to tell the dairy farmers that

they can sell to the United Kingdom all that they can produce. I hope no one will try to tell the farmers who raise poultry, and who were exporting large quantities of their products, that they could sell all that they could produce to the United Kingdom. I hope that no hog raiser will be told he could sell as much bacon or pork to the United Kingdom as he could produce. I certainly hope that no cheese manufacturer will be told that we are still selling as much cheese as we were selling to the United Kingdom during the years past.

I say that I hope no attempt will be made to convince them, because I think that any attempt to do so would probably put in question the sanity of the person putting forward an argument of that kind. They know what has happened to their traditional markets. We all know that this year we will be selling hardly any agricultural products except grain and the cereals generally, as well as the meat that may be sold under the recent arrangement that was made between the United Kingdom, the United States, New Zealand and Canada. There is no mystery whatever about this increase in dollar value. Therefore, as we recognize the fact that countries which have exhausted their own raw materials are going to be looking for raw materials outside, this is the time for us to come to a clear understanding as to what our policy is going to be in the development and utilization of our own resources.

There are a number of other countries which have available supplies of raw materials similar to our own; but not many of them, if any, have the fantastic variety that we have here. Iron ore, copper, aluminum, uranium, zinc and many of the other metals and raw materials that we possess are to be found in many other parts of the world. There is a difference, however. There are many countries in the world with resources of raw materials of that kind which have not the fuel, the electrical energy, the highly developed communities nor the industrial skill to make use of those resources within the country concerned.

Most certainly we Canadians would not wish to see the United States in a position where its great industrial production would suffer for lack of raw materials. Most certainly we Canadians would not want to see any of those industries producing weapons or machines of defence held back in any measure because of shortage of raw materials for those industries and mills upon which we, as members of the western defence community, jointly depend. That consideration, however, does not change the over-all problem with which we are confronted. Where there is to be an increase in production of defence or other requirements, there is no reason to believe that in many cases that increase in production cannot take place just as well here in Canada as in the United States.

At the time when the United States was developing its industries from its own raw materials, during the latter part of the last century and during the early part of this century, I am not aware that at any time they hesitated to say that their first concern was the development of industry in the United States and the employment of citizens of the United States at the highest possible wages through the use of the raw materials which they themselves possessed. I am not aware of any occasion when the government of the United States felt that it was impelled to seek to place at the disposal of the industries of Europe raw materials which they could employ to their own advantage in the mills and the industries of the United States. The wealth, the strength and the population of the United States, and its pre-eminence as a world power today, have all come as the result of a clearly-understood policy that the first concern of the government of the United States at all times was not only to create employment in the United States for the citizens of that country already there, but also to create an expanding measure of employment which would make the largest possible use of the total resources—agricultural and forest as well as industrial—that Providence had placed at the disposal of that single nation. Surely no citizen of the United States today could question the decision of any Canadian who decided that it is not only industrial employment with which we are concerned but employment of all kinds, and that we Canadians recognize that the best way to give greater stability to our agriculture in this country is to increase our population so that we have the largest possible domestic consuming market for the agricultural products which we can turn out.

Mr. Speaker, the figures of agricultural and industrial production suggest that we can well afford to recognize how vitally important the industrial development of this country is at all times to the agricultural population. There was a time, still within comparatively recent years, when we thought of this as primarily an agricultural country. Today we recognize that, while agriculture is our primary industry, the value of our industrial products now far exceeds that of our agricultural production. The figures showing the total value of agricultural production and of industrial production indicate the extent to

which we can create new demands for agricultural products of all kinds, by increasing the industrial and other employment across Canada through the widest possible utilization of our own resources.

When I say that, I am applying my remarks to all types of resources, but I particularly refer to those resources which have been so much before our eyes in recent years, and even perhaps more conspicuously in recent months. Canada has suddenly come to realize that it is one of the great producers of oil in the world, and that it has some of the greatest oil deposits known anywhere at this time. We have also come to realize that our oldest mineral industry in Canada, namely the iron industry, has new and almost unbelievable possibilities. Certainly those two resources—oil which today in its many forms is such an essential part of the development of our modern community and our whole industrial and commercial activity, and iron ore which is the foundation of the great industrial development of any country—have given us new and challenging opportunities.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. Drew: Mr. Speaker, what is happening in the case of iron ore will explain the point I wish to make generally with regard to resources, without limiting my argument in any way to that one raw material. I am not in any way seeking to minimize the importance of what has already taken place, nor am I seeking to minimize what the government has done in many respects to assist in that development. I am pointing out that under the unusual pressures which now exist and which will continue to increase, there is bound to be an ever-expanding demand for the resources we possess.

A new iron ore empire has emerged right across Canada. New towns are being built to house the workers both in the developments that are taking place and in the subsidiary activities growing up in those areas. There is a rapid increase in the production of iron ore, which means a great deal to this country.

Let us look at the figures. In 1946 our production of iron ore was 1,550,000 tons. By 1951 that had risen to 4,680,000 tons, and by 1955 it is said our production will be 20 million tons. That is a challenging story of expansion. But let us look at what this means in terms of steel made from the iron ore. In 1946 Canada produced 2,250,000 tons of steel, whereas last year we produced 3,445,000 tons. As has been explained in the house, an expansion is now under way which will increase production by another 1,150,000 tons. That would bring our total production up to approximately 4,600,000 tons.

Assuming that the expansion is even beyond what is now estimated and planned, that would mean that by 1955 we might be producing some five million tons of steel a year in Canada. And that is a great deal of steel. We are frequently told of the enormous expansion of steel production that is taking place. No one should seek to minimize the importance of that expansion. But the question we must ask ourselves, in view of these fantastic increases in the use and the supply of the raw material, is this: Is that enough? I submit the answer, definitely, is no.

In addition to the 3,445,000 tons of steel we produced in Canada last year, our imports jumped to 2,260,000 tons. That means that last year our use of steel for our own requirements amounted to approximately 5,700,000 tons. That does not take into consideration of course the steel machinery, the machine tools of all kinds, and other things which we imported but which we could have made here, if the steel had been available and we had gone into the production of these particular requirements.

We do see however that our requirements, on the basis of production plus imports of steel, alone, indicate that we used steel in 1951 substantially in excess of the amount that we will have available in 1955, under any plans which have yet been announced. This reduces itself to the simple proposition that unless there is a change in policy which does encourage greater expansion of steel production we are going to increase our production of iron ore by leaps and bounds at a time when we are also increasing the importation of steel made, in many cases, from that same iron ore which we export from Canada.

Merely by way of illustration, I recall the fact that today we are exporting iron ore from British Columbia to Japan, which returns in the form of steel ingots. We are exporting iron ore to the United States, and we see it returning in the form of steel to be used in industry in this country. We are exporting iron ore across the Atlantic also to be returned in the form of steel.

The important thing for all of us to remember is that at the same time we are exporting these raw materials, we are also exporting the most valuable asset this country possesses, and that is the young Canadians educated and trained here in our own country at the public expense, because those young Canadians are seeking employment elsewhere. In a great many cases they are

leaving Canada to seek employment in those very industrial plants which are making finished products from the iron ore and other raw materials we export in an unprocessed state from this country.

These two problems go hand in hand; they must stand side by side to some considerable extent. Many Canadians were greatly disturbed, and there was a great deal of comment editorially and otherwise in the press, when an examination of the figures issued early this year by the dominion bureau of statistics indicated that while 591,000 people had come into Canada during the past ten years, 486,000 had left Canada in the same length of time. These were not 486,000 of the 591,000 who had come here. In most cases those 486,000 emigrants were young Canadians, born and educated and trained in this country, who were seeking employment elsewhere because of the higher wages offered in skilled activities outside Canada. That means that for every six people coming into Canada, five left. We paid a great deal of money to bring those people here. I am not questioning the wisdom of the policy which brings those people to Canada. I am pointing out, however, that those who left were young people with the training, character and skill that we want to keep in Canada by every possible method that we can adopt.

This it seems to me illustrates most forcibly what happens when we send our raw materials out and the highest level of employment in the use of those raw materials is elsewhere. Again may I say that I am not suggesting that we are not using our raw materials extensively; I am not suggesting that we are not increasing and improving our industrial production all along the line; I am simply placing these figures before us to indicate that there is a great deal more that we can do.

I hope that no one will suggest that I am placing before this house any argument that we should stop the export of our raw materials. I hope I have made it clear that I think we should export our raw materials in reasonable quantities, particularly those raw materials required to maintain the production of defence requirements. So long as we are not unreasonably depleting any of our own resources I see no reason why we should not maintain the export of such quantities of raw materials as will contribute to the maintenance of industrial production in other countries which are associated with us in our common efforts today. But I do think that if there is to be expansion in production related to the use of those raw materials, that expansion in production and employment should be here in Canada and not in some other country.

We have talked a great deal about keeping young Canadians in Canada and we have reason to talk about that. The best way to keep Canadians in this country is to do what we can to offer to them the most attractive type of employment that there is, to create for them in every way within our power under a free enterprise system the highest measure of employment in the most advanced stages of industrial production possible from the raw materials we possess. It is in work of this kind that so may of the new graduates in engineering, medicine and other technical branches of education feel that they can find greater opportunities in the United States today.

By all means let us send the last pound of raw materials that is needed for the production of those things required in this period of emergency in the common cause of the defence of freedom. If it can be used outside of Canada in this period of emergency, let it be sent to the places where it can best be used. But we should not encourage the export of a single pound of raw materials which is not necessary for that purpose or for the maintenance of the continued production of essential requirements in another country.

I have pointed out that most of these raw materials are available in many other countries which have not the same facilities for industrial production that we possess. This is something which is of interest not only to those who may possibly be employed in the steel or any other industry in Canada; it is a subject of primary concern to the farmer, to the office worker and to every other Canadian who benefits from the total volume of production and employment in this country. The more we fabricate in finished or highly processed form from our own resources, the more money we will earn as a people and the larger and more profitable will be the markets for our farmers, our fishermen and those who supply our basic food and other requirements.

I hope that nothing I have said will be interpreted as an argument in favour of any dog-in-the-manger policy. I am only suggesting that in the rapidly expanding development of resources opportunities for Canadians shall at all times be the first consideration of the parliament of Canada and of the people of Canada generally.

Nothing that I have said is a suggestion in any way that we should isolate ourselves from a world which more and more is bound up in trade. On the other hand, I do suggest that there are dangers which are before the eyes of every one of us and which are of particular significance to Canada, which depends so largely upon export trade. The

best kind of export trade we can have is the export trade that earns the most dollars for the volume of exports and at the same time creates the largest domestic employment so that the purchasing power of our industrial communities may advance the opportunities and prosperity of the whole of Canada.

We have lost our markets for many lines of agricultural production. We hope that they will return, but in the meantime the loss of those markets emphasizes the need for greater domestic markets. It emphasizes the need for increasing population in this country which can feed and support a population so far beyond that which we have today. The outstanding fact in this country at this time is that with virtually every raw material that is needed for expansion and production of all kinds, Canada lacks the most important natural resource of all, it lacks people. It lacks them in the number required to create internal markets which will cushion our economy against external disturbances. We particularly lack employment in sufficient quantity for those highly skilled occupations which attract the best brains from our universities and technical schools.

By the highest possible use of our materials for the development of industrial production in Canada we will make the most effective contribution we can to the maintenance of the human resources of this country which are so much more valuable than anything else we possess. I repeat that of all the resources, other than human, steel is the most important of the metal resources we possess. Of course it is not as important as food and the other basic requirements for our actual living, but for the purpose of creating employment it is the most important resource of all. With an adequate quantity of steel available, all other production can be expanded. With our resources of iron ore we have in Canada the brightest possibility of expansion we have ever had.

Because of the great abundance of all resources, we have taken those resources for granted. We have talked constantly about our limitless resources and have used that expression with some measure of justification. But in recent years as never before we have seen the depletion of resource capital throughout the world and we should now revise our ideas on this subject. There is no suggestion of criticism of this government alone. All Canadians, growing up surrounded by such an abundance of resources, have been inclined to dismiss from their minds the possibility that they could ever be used up. Nevertheless we know now that a number of countries are bankrupt in resources at this time. That kind of bankruptcy has not only reduced the status of nations in the past and in recent years but has destroyed civilizations in the past. Great opportunities are before us. With demands coming from all parts of the world for raw materials or the things made from raw materials, the decision for us to make with respect to what goes out of Canada is whether it shall go out in the form of raw materials or do we do everything possible to see that it goes out in the form of finished products?

Distant though the possibility of exhaustion may seem, there is every reason for us to remember that we are not immune from the dangers which have done so much to injure other countries when adequate measures of conservation were not introduced. It is with that thought in mind, and in the hope that, no matter who may have been responsible at any time in the past, we will now think particularly of the future, that I am presenting an amendment which I hope will be regarded as a positive proposal rather than as criticism of this or any other government. I move, seconded by the hon. member for Peel (Mr. Graydon):

> That all the words after "that" to the end of the question be deleted and the following substituted therefor:
>
> "whereas the natural resources of Canada are a heritage that should be developed and conserved for the purpose of providing the greatest possible measure of opportunity and security for all Canadians, this house is of the opinion that immediate consideration should be given to a national policy under a system of free enterprise and in close association and collaboration with the provinces that will:
>
> (a) promote and develop all the country's natural resources for the benefit of the people of every part of Canada;
>
> (b) protect and conserve our forest, mineral and other resources from undue depletion or exhaustion;
>
> (c) expand the use of our resources for industrial production in Canada and thus create greater opportunities for employment and advancement of Canadians."

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, with a great deal of what the leader of the opposition (Mr. Drew) said in the course of his speech I think all members of the house will find themselves in agreement. I think everyone here is conscious of the desirability of doing everything possible both by conserving our resources and by planning for their efficient use within Canada so that the citizens of Canada now and hereafter will enjoy the maximum benefits from the great heritage which is ours. Indeed, it is only within the last few years that many Canadians have begun to realize that this country is as richly endowed as it really is.

The recent discoveries of oil, uranium, minerals such as iron in Labrador, northern Quebec and Ontario, the new fields of nickel, copper, and so on, together with the development of the great natural resources in our waterpower, have at last led the people of our country to realize the extent of our resources and the possibilities that lie in them. I notice that the leader of the opposition has inserted in his amendment these words:

> . . . this house is of the opinion that immediate consideration should be given to a national policy under a system of free enterprise and in close association and collaboration with the provinces that will . . .

Then follow the various clauses. Let me point out that over the years it was under a system of free enterprise that such resources as it was recognized we had in this country were either neglected or exploited ruthlessly. If one wishes to see what unlimited, unrestricted free enterprise will do to a great resource all one has to do is to drive up the Ottawa and Gatineau valleys where once there were great stands of white pine from which the ships of the United Kingdom derived their masts and a great deal of the lumber that was required to build those wooden walls of Britain 150 years ago, to say nothing of the ships that we built ourselves on the great lakes and along the St. Lawrence river. Today one searches these valleys in vain for that mighty pine which once dominated them.

A few people made enormous fortunes. I need not mention their names because they are familiar to us in the streets and surroundings of the city of Ottawa, but nevertheless it was the free enterprise of these people that denied to this generation and to posterity a continuance of these mighty forests that once clothed the slopes of the Gatineau and Ottawa valleys.

Mr. Gibson: They do not use many wooden masts any more.

Mr. Coldwell: What is true of these valleys is true of many other parts of Canada and the United States. I agree with the leader of the opposition when he points out the tremendous wastage of pulp and paper on the other side of the line and the manner in which our great resources are moving across the line with very little promise of reforestation in some parts of Canada. I had an interruption a moment ago from my good friend, the hon. member for Comox-Alberni (Mr. Gibson). Of course he lives in a rather favoured part of Canada—

Mr. Gibson: Not since Thursday.

Mr. Coldwell: —where as a matter of fact denuded forests reproduce themselves with some rapidity particularly if assisted to some extent by those who are cutting down the trees at the present time; but even in his region it will take tens of years to replace the mighty Douglas fir which has fallen and is falling to the axes of lumbermen along the Pacific coast.

Mr. Gibson: We may not need them.

Mr. Coldwell: I am making my own speech. If the hon. member does not agree with me he can rise later and tell me wherein I am wrong. All you have to do is to look across our country and the United States to see monuments to free enterprise in the wasteful exploitation of the great forest wealth of the North American continent. I have driven through Minnesota, Wisconsin, Michigan, parts of Ontario and other places where once great forests grew and where free enterprisers have had unlimited opportunity to deny to this generation and those that succeed us the crop of trees to which they are entitled. I am very happy that today governments are stepping in and limiting free enterprise and are putting into effect conservation policies similar to those that they have had in the social democratic countries of Norway and Sweden, and even indeed in countries that are not social democratic such as Germany where an annual crop of lumber is now assured.

I know it is very difficult for governments to put such policies into effect. In my own province of Saskatchewan a royal commission was set up in 1944 or 1945 to go into the matter of conserving the forests of the northern part of that province. Their report was that with the rate of cutting then in effect there would be no saw logs left to cut within eight years. Therefore the government had to institute a conservation policy which was unpopular. Apparently it is understood now in the light of the results of the voting there in the last week, but at the outset it was unpopular, and any government which attempts to put conservation policies of that description into effect to ensure a permanent supply of lumber and to limit cutting to those trees that are ripe for cutting will have difficulties.

I welcome the resolution in so far as I am able to agree with it because it does to an extent focus the attention of this house upon the problem which confronts this country with its vast resources, particularly with its forest resources at the present time.

I say therefore that if you are going to do anything in the way of conservation you have got to say "Thou shalt not". That in itself is a limitation to private or free enterprise; and in respect of its reference to free enterprise I would, of course, have to oppose

this resolution. I do not agree that it can be done under private and free enterprise.

I am glad too that the governments of the various provinces, in co-operation with our own mines and resources department, have taken steps in recent years to prevent the loss of lumber and timber through fire hazards. I have noted that in all provinces there is a consciousness of the danger of fire and the loss which accrues to the provinces and to the country because of fire. We now have fire equipment in many parts of Canada to mitigate the evil effects of forest fires.

Then too there is the manner in which governments have tried to promote—and I will give some credit to the present government in this regard and to the provincial governments—conservation of the soil. After all, the most valuable resource we have in the long run is the top six inches of the earth's surface, which we call soil. I am one of those who fifteen years ago or thereabouts saw the effects of soil drifting—erosion by wind—due to some extent to the dryness of the soil and to some extent to faulty methods of cultivation. It was also due to overcultivation of the soil. We saw the soil blowing across the lands in such quantities that in the middle of the day in some of our western cities one had to turn on the headlights of a car in order to see where one was going. However, because of the experience and because of the encouragement of governments, that has to some extent been stopped. New methods of cultivation have been adopted—summerfallowing every year, leaving the soil in a lumpy condition instead of working it down like a nice garden so that it will blow—has all helped in recent days to prevent erosion of that description. Governments have encouraged contour plowing of the land—around the hills instead of up and down—so that when the rains come the soil is not washed down into the rivers, lakes and seas.

With soil conservation we have in this country a resource that will last for ages. European countries have demonstrated that soil can be cultivated not for hundreds of years but literally for thousands of years where proper methods are put into effect. On the other hand, parts of Africa, and parts of Asia have demonstrated to us that without careful methods of cultivation and without irrigation, lands which once grew great crops of fruits, grain and foodstuffs can be turned into the deserts of Mesopotamia or the deserts of North Africa. Anything that the government can do to conserve the top six inches of soil and to encourage its proper cultivation, and with that the conservation of water so that when necessary the water can be used to replenish moisture in the land, is well worth putting into effect and supporting.

I quite agree with the leader of the opposition that these forest resources, the soil and so on, will eventually be worth far more to this country than the wasting resources. Once you have found gold and have taken it out of the ground you have nothing left but a hole in the ground. I remember that not very far from where I was born, 2,000 years ago vast quantities of tin were mined and shipped by the Phoenicians—

Mr. Brooks: You don't look that old.

Mr. Coldwell: I meant that I had read about it. Probably I phrased my remarks a little awkwardly and I did not intend to imply that I have either that age or the wisdom that goes with it. But there the old mines, the holes in the ground, remain. They are worked out and very little tin now is found where once great quantities were mined.

With respect to wasting resources such as oil and minerals which we have, as the leader of the opposition said, recently we have learned of further great resources of that basic mineral—iron ore in Labrador and iron ore in northern Quebec. I would like to see as much of that iron ore as possible processed in this country and utilized for the building of industry in this country. I do not know just what encouragement the leader of the opposition would give but I would point this out. Over the years the government of Canada has given a tremendous amount of encouragement to industrialists to utilize our resources within this country. We were for many years one of the highest tariff countries in the world, protecting Canadian industry, and I am sometimes inclined to blame Canadian capitalists who, at that time under the guarantee of domestic free enterprise and behind high tariff walls, had the opportunity of doing a great deal to develop industry in this country but did not do so. I do not think that today, if I may interject this thought, we can afford to grant that kind of protection for the building up of industries that will utilize our natural resources. In the kind of world in which we live we have to sell things to get dollars, as the leader of the opposition put it, into the country. The only way in which we can try to do that is to export goods and receive in return goods which nations can send to us for consumption or, perchance, export to third parties from whom they or we can receive goods in order to maintain our export industry and our trading position. Consequently, I cannot agree that any encouragement should be forthcoming or can be forthcoming to Canadian

industry if that involves any raising of the tariffs in any new measure of protection. That is a point upon which I would like my hon. friends to my right to comment when they rise to participate in this debate.

The reason great iron resources of Canada are now being searched for, and where found are being developed by American capital is that they have wastefully mined a good deal of their iron resources in their country. We know, of course, of the Mesabi range in Minnesota and Wisconsin. It has been said that had that range been mined more carefully the resource would have lasted much longer.

However, be that as it may, we have other resources that were not particularly mentioned which I should like to mention before I speak of the human resources, one of which is fish. We should conserve our fisheries, and I hope that more will be done to conserve the coastal waters fisheries and also the fisheries in our inland lakes and rivers. We have a fine source of wealth in the fresh water fish that can be found all across Canada, in the Northwest Territories and south of them, in almost every province. They form a rich source of food supply, as well as a wealth of employment and industry.

Then, of course, for a time we were in danger of having our fur-bearing animals severely depleted. When the leader of the opposition was speaking I looked up the conservation policies that have been put into effect in my own province since 1944. In that year the beaver in the province were almost extinct, and only 473 beaver were trapped. A conservation policy was put into effect, as with muskrats and other fur-bearing animals, and only a certain number of animals were allowed to be taken in certain spots. As a result, in 1951 the trappers were allowed to take 14,078 beaver, and still leave behind plenty of breeding stock. All this was accomplished in the short space of about seven years. Of course, it involved transferring a few beaver, which were making nuisances of themselves in the southern part of the province into regions where they could live and breed freely without doing any injury to the surrounding countryside. All these are resources that are worth conserving. The provinces, together with the Department of Resources and Development, have an obligation to conserve these resources, to put in the proper conservation policy, and incidentally I hope that the members of all parties in this house will support such a move.

A government which sets out to put conservation policies into effect, to say to trappers that they cannot trap except in certain areas and in certain quantity, is going to have difficulty. The same thing is true when you say to fishermen that they cannot fish in certain lakes until they have been cleaned of disease. You are going to have difficulty, because it takes a few years for the people who are affected to realize that this is being done in their own interests. I realize that in those few years there may be elections and seats may be lost in the areas in which these conservation policies are put into effect. Consequently, I should like to see such conservation policies supported by all parties in this house, and not made matters of political controversy or of political division.

The concluding portion of the speech by the leader of the opposition was one which struck a very responsive note in my mind, and that was his reference to the conservation of human resources. It is not only the loss of our young people abroad that is vital in that regard, but the death rate among the population of Canada, or some parts of it, is equally vital.

Last week I was staggered when I was told that until hospitals and schools had been put into the north regions of Saskatchewan since 1944 the infant mortality in that particular area—not the whole of it but in quite a large area—was no less than 50 per cent. One half of the children died before reaching one year of age. Today, of course, hospitals, schools, education and so on have tended to reduce that death rate until, while it is above the normal average for the country, it has been greatly reduced. The health of our people, therefore, is a question that should be faced very freely. I was reading an article in the current issue of *Maclean's* magazine a few days ago concerning the high cost of medical care, the high cost of hospitalization and so on in this country. Until we bring hospitalization and health facilities so close to the people that they can be used as freely as our children use the public and separate schools in our country, we shall not have put into effect a human conservation policy such as we should have in Canada.

The leader of the opposition mentioned the tragic loss of many of our ablest young university students, who cross to the United States because they think there is a better opportunity there. In January, I had the opportunity of addressing the social science group of the University of Chicago. On Sunday morning when I went down to the university chapel, I was invited to lunch by the Canadian students. I found twenty-seven of them in that university, and all were interested in Canada. While I was unprepared to do so, they asked me to tell them something about the opportunities that were likely to be presented to young people in this country

in the days to come. I told them that while I thought, at the moment, if they came back to Canada they might have to take a slightly lower salary or wage than they might receive at the moment in the United States, I was convinced that five or ten years from now, when they had trained themselves to fit into the economy of our country, they would be in a better position in Canada than they would be in five or ten years in the United States. I believe that is so. I strongly advised them to come back.

I outlined, off the cuff as it were, what was happening in this country today. I told them of the great aluminum and power developments as well as the pulp and paper development in the province of British Columbia; the development of the great oil resources of Alberta; the hunt for oil in Saskatchewan and the finding of uranium and other minerals in that north country; Manitoba, with its nickel and other resources; Ontario, with its mineral wealth, its power resources and other resources; Quebec, with the tremendous resources in northern Quebec and Labrador and so on.

Mr. Howe: In other words, we are doing what this resolution asks us to do.

Mr. Coldwell: Yes. I did not say I was going to vote for the resolution. I am not going to vote for the resolution. As a matter of fact, I think it is fair to say that a great deal is being done along this line, but I think it is being done altogether without proper government encouragement. In fact, the leader of the opposition does not want it altogether with government supervision, because he says it may be done under private enterprise. In the past, private enterprise has not taken advantage of the opportunities that were within this country.

Mr. Drew: I do not want to interrupt the hon. member, because I know he is eminently fair in his presentation of an argument of this kind. I think he inadvertently made a statement that I should not leave on the record unchallenged, when he said I did not wish government supervision. I have made it clear that I do wish government supervision, but I believe the government should not be in the actual business of development.

Mr. Coldwell: I accept the correction, and perhaps that does express the point of view of the leader of the opposition better than the interpretation I had placed upon his remarks. But I will say this: that in my opinion, if we are going to develop the resources of this country in the manner in which they should be developed, then they must be developed with intelligence and on a plan. If you are going to have a plan, you must be able to exercise some control in order to put that plan into effect. Consequently private enterprise, working in the interests of the private investors alone without regard, as is often the case, to the safeguarding of the rights of the masses of the people, will not develop our resources in the manner in which they should be developed. I say quite readily to the leader of the opposition and to the Minister of Trade and Commerce (Mr. Howe) that there is a place for private enterprise in the development of our resources; but I do not think you can leave the development of our resources wholly to private enterprise, as this resolution implies. It says, "a national policy under a system of free enterprise". That is the quarrel I have with the resolution.

If I may do so, Mr. Speaker, in order to put our viewpoint clearly before the house, I want to move an amendment to the amendment, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the amendment be amended by deleting therefrom the words "under a system of free enterprise and"

It would then read:

this house is of the opinion that immediate consideration should be given to a national policy in close association and collaboration with the provinces that will:

(a) promote and develop all the country's natural resources for the benefit of the people of every part of Canada;

(b) protect and conserve our forest, mineral and other resources from undue depletion or exhaustion;

(c) expand the use of our resources for industrial production in Canada and thus create greater opportunities for employment and advancement of Canadians.

I move that as an amendment to the amendment, Mr. Speaker.

Mr. MacInnis: That makes it a good resolution.

Mr. Coldwell: Yes; that makes it a better resolution.

Mr. Solon E. Low (Peace River): Mr. Speaker, this discussion has been, I think, timely and one which should attract considerable interest throughout the whole house and throughout the country. I am keenly interested in it because, during my short life, I have witnessed the almost wanton destruction of certain of Canada's great resources; and I think it is time that something really worth while be done by way of conservation and intelligent development.

The speeches which have been made this afternoon on the amendment have been, I think, most revealing and a good many suggestions have been put forward. On reading the amendment I find myself in much the same position as that of the hon. member for

Rosetown-Biggar (Mr. Coldwell). I was just a bit puzzled about the use of that term "under a system of free enterprise and in close association and collaboration with the provinces". I have always championed the cause of private enterprise, and I shall continue to do so because I believe it is the best way in which to induce the utmost from human beings. I think that under no other system can the proper inducements be offered. For that reason I would go along with the resolution and with what has been said about it, with the following reservations. Mr. Speaker, I believe that in the development of our great resources there must be laid down fundamental policies that will definitely result in proper conservation as well as development. I do not know whether you would call that a plan. If the hon. member for Rosetown-Biggar would like to call it a plan, that is fine; but I think that is policy. I think the difference between "plan" and "policy" may be infinitesimal, but I prefer to look upon it as a policy laid down by the representatives of the people and adhered to carefully by the administrative part of government.

I think that experience of the past will show that under a system of the kind of free enterprise to which we have consigned our resources, waste, destruction and depletion have resulted; I do not think there is any question about that. If we are to conserve those resources as they ought to be conserved, I believe that we must keep title in government; I mean to say that the ownership of the resources themselves should reside in the provincial governments. I do not see any other way of administering a careful scheme or policy of development along with the necessary conservation.

That is the experience that we have had in our province. We find that if the province retains the title to the resources and does not give individuals or corporations large acreages, large slices or large concessions—that is, give them outright—we then have some sort of control by which we might regulate carefully future development and conservation. It therefore seems to me that the first and most important part of any national policy of development of resources should be the determination to keep ownership residing in government which, of course, in this case would be the government of the province.

In the second place we believe that it is wiser to have the developmental work done by private enterprise regulated under a government system of leases, rentals and royalties whereby, through a specific contract, there might be careful supervision. If the contract is not lived up to in all details, we feel that the contract should be taken away and perhaps given to other individuals or private enterprises which are prepared to do the job as it ought to be done.

That is the experience which we have had in the province in which I reside; and it has proved itself many times over. Not only has it proved wise from the point of view of conservation and orderly development but, in addition, it has proved wise in that we have been able, from our resources, to recover a substantial share of the proceeds for the people themselves who own those resources. Somehow or other governments in the past have had the idea that in order to get development you had to give great big slices of our various resources to certain individuals or corporations to induce them to develop them. That is not so. That was the policy, I think, for a good many years; and I am just afraid that a great many political heelers have benefited as a consequence of the feeling that the party owed them something, that they have thus been able to get large slices of our resources and have gone ahead to develop them as they wanted to develop them, without any thought for future generations.

If government keeps title and if government therefore lays down a definite and specific policy for the orderly development and the conservation of those resources, we feel that adequate supervision can be given and that there will be something left for the generations yet unborn.

That is the way we have proceeded with our oil development, that is the way we are proceeding with our timber development, and so it will be with the tar sands and other resources that are now just coming into some prominence. If that is the kind of thing which the leader of the opposition (Mr. Drew) has in his mind when he moves this resolution, I find that I can go along with him quite well. But if he means that we shall continue, as in the past, to grant by gift or title certain substantial slices of our resources to anybody for development, then I cannot go along with him at all because that is not the way to get conservation.

Mr. Prudham: Can the hon. member give a specific instance where our natural resources have been given away as a gift?

Mr. Low: Yes, I certainly can. In Alberta, as the minister should know, when we received our resources back from the federal government in 1931, almost 50 per cent of the subsurface rights had been given away to private corporations and individuals by deed of gift. They were therefore alienated for all time from the crown, so nothing whatever could be done by the government at the

time to conserve or to induce development, with the possible exception of a reasonable system of mineral taxation. We in Alberta as a government, therefore, have control over only about 50 per cent of the mineral rights.

Mr. Prudham: That does not mean they were given away.

Mr. Low: Yes, it does mean they were given away. And I will point out to my hon. friend that his own party, through Hon. Charles Stewart as premier of Alberta, just after the first great war, sent word down here by way of a resolution passed by the legislative assembly of Alberta that they wanted this parliament in Ottawa to pass a bill enabling the legislature in Alberta to sell or to give to the Shell Oil Company the total oil rights of that province for $5,000 cash. And if that does not mean giving it away I do not know what it does mean. I think the minister had better look up the history of the matter, and find out what his own party has done in the past.

Mr. Prudham: At least it was a British company.

Mr. Low: And that is not confined to his party. As the hon. member for Rosetown-Biggar (Mr. Coldwell) said, it has been general policy. Many governments in the past have felt that perhaps the only inducement they could give for the development of resources would be to hand out large concessions. That time is now past, if it ever was necessary.

I say the policy I have outlined seems the only sensible one whereby we can both develop and conserve, so we will not deplete our resources in too big a hurry. I should like to illustrate the point by dealing for a moment or two with the matter of conservation of the soil. We in western Canada have had some rather sad experiences over the years in connection with soil depletion and erosion. I think there has been altogether too much wheat mining in certain areas of Canada. As a consequence fibre has been taken out of the soil, wind and water have eroded it, and this condition has gone on to a point where much of that soil is practically depleted of its fertility.

One of the great difficulties faced in introducing a policy of soil conservation is that most lands are owned by private individuals who hold the titles. No government can come along and say to a man who owns title to his property: "You have to do thus and so with that land". If that is done, then government is acting as a dictatorship. But if something is not done to educate the people as to proper methods of conservation, and to induce them to cultivate the soil properly and see to it that either the fibre is left in or it is put back in, there will be depletion of the soil. They should be educated to see to it that they leave a fringe of bush or timber around their tillable land, to prevent the sweep of the wind, in the event of their having bush or timberland on or near their property.

Unless something of that kind is done the depletion of the soil will take place, with the result that eventually the soils will not produce. But, as I have pointed out, so long as individuals own the land it is not easy to have this done. I am not suggesting that the government should take the land back; I do not believe it should. I do believe, however, that we should have an intensive policy of education and demonstration in all parts of the country to show the farmers how to take care of their soil, and the benefits that will flow from leaving a fringe of bush around tillable soil, not only to conserve the moisture and run-off but to prevent the wind sweep, which constitutes one of the very difficult factors with which we have to deal in western Canada.

We found it was wise to settle certain areas in Alberta under a leasing policy, rather than that of outright ownership. The idea was that the land would be cleared by the government and strips of timber would be left to serve as windbreaks. Then, after the clearing and the first stage of development were completed, the endeavour was to get those lands into the hands of young men, particularly returned soldiers, so they would have a chance to develop them, but under a contract which would make it necessary to preserve the windbreaks for all time.

That policy is working out well. I believe there were some unfortunate circumstances in connection with the selection of the area; but, speaking generally, the policy is satisfactory. In due course I think various procedures such as I have described will have been shown to be beneficial, and the people will have had a demonstration that will stay with them. I believe there is not enough being done by provincial governments or by this government to impress upon the people the necessity of preserving the fertility of the soil so as to prevent erosion, wastage and depletion.

I should like to say only a word about wildlife. The hon. member for Rosetown-Biggar made reference to the fur-bearing animals. For a number of years I have been concerned with the conservation of wildlife in general. I think that in Canada some very wonderful demonstrations are being carried out. For instance, Ducks Unlimited is doing a wonderful job in certain areas of the

country in connection with the preservation of wild ducks and wild geese. At the same time they are helping to conserve water supplies, and to store it for the use of people in those areas. In addition we have other demonstrations such as those being carried out by the Jack Miner foundation at Kingsville. Sometimes I wonder if such projects are receiving the encouragement they merit. I am doubtful about it. While I am not in possession of the whole story, from what I have observed I can say that these demonstrations are very much worth while and are doing a great deal to preserve for future generations the benefits to be derived from maintaining the numbers of those wonderful old game birds that, through the years, have been wantonly destroyed.

I wonder if we are taking sufficient care to see that such demonstrations as are put on are given proper encouragement. Correspondence I have received would seem to indicate that the Jack Miner foundation and perhaps some others in Canada are not just as affluent as they might be. It looks to me as though some of them are in real danger of encountering financial failure, through lack of public support. These are matters concerning all people, not just a few of them. It seems to me we ought to be paying much more attention to the success of these wildlife conservation schemes that have been going on for so many years on a basis of voluntary private enterprise. I would not want to see any of them fail.

A word now about our human resources. I agree we are losing too many of our educated young men and women, and I believe some of that loss can be traced to higher salaries in other countries, notably in the country to the south. It may be traced to better working conditions that exist in other countries, but that is not all. I am sure careful investigation will show that there are some very stupid professional policies being followed right here in Canada, and I want to cite one of them.

I have in mind a bright young fellow who finished high school in 1946, the year after the war ended. It will be recalled that young returned men were making application for entry into the universities of Canada and, as was proper, they were given priority. This young man applied to every university in Canada at which the professional course which he wanted to take was taught. He was told that their classes were full, that they were giving priority to returned men and therefore he could not get in.

He did not want to waste a year or two, so he applied to several universities in the United States and was finally accepted, I think by one in southern Idaho. He went down there, took his course and after graduation came back to his native land to practise pharmacy. There was a scarcity of pharmacists in Ontario, and I understand also in other provinces. He applied for a licence to practise and although the pharmaceutical association were quite prepared to admit that his qualifications were as good as those they required for a licence in Ontario, they would not let him have a licence until he had first obtained one from his own home association, which in his case was in the state where he had finished his university training. That was the situation in every province in Canada where this young man applied for a licence.

He then had to go back to the United States; but before he could obtain a licence to practise there he had to renounce his Canadian citizenship and apply for United States citizenship. Having done that and having passed his examination in the state and received a licence, he found that before he could obtain a licence in Canada he would have to wait five years before he could regain his Canadian citizenship, working for low wages as a pharmaceutical assistant during that time.

This is characteristic of the stupid policies we have in Canada by which many professional bodies are bound. These professional bodies are doing a whole lot to add to the losses we are sustaining in bright young men and women who are graduating from our universities. These young men want to live in this country, they want to work here and help to develop our country. It seems to me that we ought to be coming to our senses and doing something to conserve our human resources.

I agree with the hon. member for Rosetown-Biggar (Mr. Coldwell) that our young people are of paramount importance and that everything possible should be done to introduce health schemes in the provinces throughout Canada which will give our young people a chance to live abundant lives free from disease and disability.

Finally I want to say that during the discussion of this important topic this afternoon I have not heard anyone refer to the fact that the great waster of our resources at all times has been war. Sometimes we overlook the fact that wartime is when we deplete our resources, especially our mineral and forest resources. Notorious as war has been as a wanton waster, we are doing very little to correct the situation. It seems to me that the best conservation scheme we could possibly work out would be one which would get at and remove the causes of war. When

we do that I am satisfied that we will not then have to run the dangers that we have been running of depleting the valuable resources which are Canada's. We should be able to root out and cure these basic causes, and there are basic causes.

When that happens we can turn our attention to other schemes of conservation such as the one I have outlined, under which the provincial governments on behalf of the people would retain title to the resources, which, in turn, would be developed under a policy of private enterprise, regulated and supervised by the government. If the leader of the opposition (Mr. Drew) indicates that that is the thing he had in mind when he said "under a system of free enterprise and in close association and collaboration with the provinces" then I would say we will support his amendment.

Mr. Daniel McIvor (Fort William): Mr. Speaker, there are quite a number of people at the lakehead who are interested in the development of our natural resources which in that vicinity are of two types, pulp and paper and mining. I must say that I was considerably heated up when a communist member of the provincial government at Toronto came up to Port Arthur and told us we should have a smelter at the lakehead. Using his own words, there was no reason why we should not have a smelter there.

I have inquired about this from several people who are interested in the Steep Rock mine and they tell me the reason we do not have a smelter at Steep Rock or at the lakehead is that the iron ore is of high quality and in order to make it of commercial value it must be mixed with a lower grade ore. That is one reason. The other reason we do not have a smelter at the lakehead is that we are too far away from markets or from sources of power in the form of coal or gas. We are told that gas is on the way to Fort William from Alberta, and if that comes through we are more likely to have a smelter at the lakehead. When that happens I am sure the right hon. minister and myself will be very pleased.

Our other main natural resource is pulp and paper. We hear a great deal about the amount of pulp being shipped to the United States, but I think these statements are exaggerated. I made some inquiries a few minutes ago and found out that very little pulp is shipped out of British Columbia. Perhaps more is shipped out of Alberta, but I am informed by a prominent pulp and paper man at the lakehead that not more than 5 per cent of the pulp produced there is shipped to the United States. Let me indicate how true that statement is.

We have two mills at Fort William, one of them having the largest paper machine in the world. The two big machines in the Great Lakes Paper Company have the greatest production record of any mill in Canada. There are two pulp and paper mills at Port Arthur; there is one at Dryden, one at Nipigon, one at Terrace Bay, one at Marathon and one at Heron Bay. These mills employ thousands of men in the bush and in the mills themselves.

I say that our record in the development of resources at the head of the lakes is splendid, so much so that I think we can tell the rest of Canada and the rest of the world how it can be done. I know we cannot develop and manufacture all our natural resources. We cannot process our gold for the market. We must export some of our wheat, and we are sorry we have to ship some of our barley to the United States for a purpose that is perhaps not in the best interests of the citizens of that country. At the lakehead we think our natural resources are being used to do a big job in developing our country.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I am sorry I missed the first part of the speech of the leader of the opposition (Mr. Drew). I came into the house when he was discussing conservation of our natural products. To begin with, perhaps I might say a word on that subject.

The natural products that we export can be divided into groups. Our field crops include wheat, oats, barley, and also timber, for timber is also a crop. I think we are all interested in making sure that our ability to grow these crops is protected to the full. Our grain crops for export are grown chiefly in the prairie provinces, and the federal government and the three prairie provinces have for many years devoted close attention to protecting the ability of the soil of these three provinces to produce cereal crops. These crops are used in Canada to the extent that they are required for human consumption and feed in this country and of course the balance is exported. I am sure there can be no objection to that type of export of our annual crops.

I might point out that the natural resources of this country are owned by the provinces. The federal government can assist the provinces to protect the ability of the soil to produce, but it cannot direct the methods of production. The federal government is responsible for the export marketing of the products, but the regulation of production methods is primarily for the provinces. Again it is the provinces which own the metals, the petroleum and the other mineral resources

of Canada. So far as forests are concerned, there again the policy of forest management is for the provinces to determine. Each province has a policy. In my opinion some are better than others, but I think that by and large all the provinces are attempting to do a good job of forest management. Part of the task of forest management is to make sure that cutting does not overtake natural growth. Forests are a crop that matures every twenty to forty years, and each province is responsible for seeing that the cutting does not exceed this respective rate of reproduction. I do not know whether it was true, but I am told that up to a few years ago the toll of the forests taken by fire and by destruction through overage was about equal to the cutting. I hope that situation is not true today. However, we know that in addition to the harvesting of the forests there is a very considerable loss by fire and by allowing trees to become overage. There again I believe a fair job is being done in protecting the forests. In that respect the federal government is also making considerable expenditures, and I believe it is doing a reasonable job in helping the provinces to do what is primarily their job.

Then we come to minerals. There again mineral leases are granted by the provinces, and the federal government takes an active part in promoting the production of minerals and in improving methods for the treatment of those minerals. The suggestion was made that we are exporting too great a proportion of our production of mineral wealth. I doubt if that is true. We use in Canada the larger part of mineral production from Canadian soil. For instance, at the present time we are fabricating in Canada about 60 per cent of our production of copper, approximately 50 per cent of our production of zinc and a considerable proportion of our production of lead. The balance is going to countries that are joined with us in defence preparations, and our present markets in those countries are really an expansion of our normal markets, the larger demand arising from the needs of war production.

I was interested in a statement by the leader of the opposition which I hope I wrote down correctly. He said that not a pound of our metals not required for defence or for the normal needs of another country should be exported. I think we can be a little more generous than that. Canada has been and still is dependent on other countries for metals that are vital to this country, and other countries do not limit us to the amount that we need for defence or for the normal purposes of this country. They deliver to us what this country needs. I suppose as good an example as one can find is aluminum. We are one of the world's great exporters of aluminum. What part of aluminum originally comes from Canadian soil? None of it. The only thing that we contribute to the manufacture of aluminum is electric power. The principal ingredient of aluminum is bauxite. Canada imports bauxite from British Guiana, from Jamaica and from French Africa. Another ingredient of aluminum is cryolite, which we import from Greenland. Another is limestone. We used to obtain it from Newfoundland before Newfoundland became part of the dominion, and we still obtain it from Newfoundland. Therefore I should say that we contribute both power and limestone to the manufacture of aluminum. Well, you can say that these countries are robbing their own resources by shipping all this bauxite to Canada. It is true that some day British Guiana is going to be depleted so far as bauxite is concerned; nevertheless when we discuss our own policy with respect to the exporting of raw materials it is well to realize the dependence of Canada on the raw materials of other countries.

I have a few figures with regard to our principal imports. Let us take crude rubber. In 1951 we imported crude rubber to the value of $65 million. We imported raw cotton to the value of $94 million and raw wool to the value of $95 million. We imported coal and coke from the United States and thus depleted their resources to the extent of $190 million last year. We imported petroleum last year to the extent of $354 million. We talk about how careful we must be not to overproduce but we are only producing about one-third of the petroleum requirements of this country. In the next ten years we hope we can raise the one-third to one-half, but the consumption of petroleum in Canada is rising almost as fast as production in this country is being increased.

We have imported other raw materials too: molybdenum, manganese, and tin. We have no source of supply of those products native to Canada. We are dependent on other countries to see that our requirements for them are met.

It is said that the United States has been built on the basis of self-interest; that the United States never exported to Canada or anywhere else any material that they needed at home. Now, let us examine that for a moment. In the last war supplies of petroleum were very short indeed. Every motorist in the United States and every motorist in Canada was rationed, and rationed severely; but the United States never withheld supplies from Canada that put the

Canadian user of petroleum in any worse position than United States users of petroleum.

Some hon. Members: Hear, hear.

Mr. Howe: Had they followed the suggestion of the leader of the opposition (Mr. Drew) and not exported anything they needed at home we certainly would not have had any petroleum. That is only one example. We have had periods of coal shortage when there was not enough coal to go around. The United States have always divided their supply of coal fairly with Canada. The Canadian user of coal has never been placed in any worse position than the United States user of coal. That is again the opposite to the suggestion of the United States looking after themselves first.

In the case of sugar, it was in short supply during the last war. The United Kingdom controlled all the empire sources of sugar, but the United Kingdom made sure that Canada got the sugar needed and that Canada fared just as well as her own people or the people in any other part of the empire. That was true of manganese. Our sole source of manganese at that time was South Africa, and there again the United Kingdom made sure that Canada had the manganese we needed. Tin we get partly from empire sources and partly from other sources. There again those responsible for the distribution of tin were not Canadians; nevertheless they made sure that Canada got her full share of tin when tin was in short supply.

Now we in turn have been trying to do our share in looking after the metal requirements of the free world. We had a very heavy responsibility in the matter of nickel. Before the second world war we supplied 90 per cent of all the nickel used in the world, and today I suppose we supply about 85 per cent. True, we have been depleting our resources of nickel. In the last war we had only one source of supply. Today we have many. Why? Because in an effort to keep up with the enlarged requirements—and we are mining more nickel than at any previous time in our history—we have opened up other sources of nickel. We are building a railroad into Lynn Lake where there is a very important deposit. I am told there are other discoveries in that vicinity which promise to make northern Manitoba as large a source of nickel as Sudbury. Plans are under way to open up a nickel deposit in British Columbia. We all know that Falconbridge, also operating in the Sudbury area, is bringing in three new properties at the present time. Are we really depleting our nickel resources? True, we are mining great quantities of nickel; but the fact that we are using great quantities of nickel has stimulated exploration and from exploration has come development with the result that Canada is far richer in known deposits of nickel today than it was when the great demand of the second world war came upon that industry.

The same is true of other metals. Copper, in this country, has been a by-product metal. It has always been mined as a by-product of nickel or as a by-product of gold. There again the present great demand for copper has turned our prospectors to exploration for new deposits of copper. The result is that we have located a tremendous body of lower grade copper ore in the Gaspé peninsula. An enormous development of copper, for copper alone, is to be undertaken in that area. We also know of other deposits of copper which can be brought in as demand requires.

The production of zinc has been stepped up by about 35 per cent since the preparedness program began, and we know now it can be stepped up to almost any known requirement. Again, exploration has stepped ahead as demand has been stepped up.

I might mention the rarer metals as well. For example, in the last war there was a strong requirement for tungsten. There was a known deposit of tungsten in the country and, as private enterprise was not prepared to develop it, the government stepped in and opened the Emerald tungsten project. A mill was set up there and, in the course of several months, we provided sufficient tungsten to turn a shortage situation into a situation of oversupply. When the war ended the government thought it had a high cost tungsten deposit on hand and as there was also lead and zinc on the property which might be developed it seemed good business to sell the property to private enterprise. When the Korean situation came along the government bought back that property at exactly what it had sold it for. Further exploration has indicated that the tungsten deposit being worked during the last war was underlain by a much richer deposit, and today the government has a mine of rich tungsten ore that will stand up and be competitive in peacetime as well as in wartime. We are able to supply friendly nations with tungsten, and that at this time is a very great contribution indeed. I suggest in mining that tungsten we are not depleting the resources or Canada. When the present supply is used up we know that we have several other deposits of tungsten, and we are sure we can

meet any requirements the world may have for tungsten for decades to come.

The same is true of cobalt. It was assumed that all the cobalt had been mined in this country years ago. The town of Cobalt was built on the mining of cobalt and the mines were supposed to be worked out. When cobalt became a scarce metal in this war we went back into that area and have been producing cobalt there on a very extensive scale, a scale that has in fact enabled us to remedy the world shortage of cobalt. Today cobalt is no longer a metal that is embarrassing war production.

I could go on and mention other metals. I might take uranium, which is a metal in tremendous demand. We were mining it before the last war but the mine had been closed down and was flooded. When the demand grew for uranium the government bought that property and proceeded to open it up. I may say the known resources of uranium in that particular mine are considerably greater today than the known resources were at the time the property was acquired. Prospecting for uranium has brought to light other deposits, not as rich but tremendously more extensive. The government and a number of private industries are engaged in bringing in uranium metal as a very large scale development.

The amendment states, in part, that in association and collaboration with the provinces the dominion should promote and develop all the country's natural resources for the benefit of the people of every part of Canada. I suggest we are doing that very thing at a rate that has never been equalled. We are not only taking care of the requirements of the people of Canada, but we are able to make a substantial contribution to the requirements of other countries.

For a moment let us examine the position of the United Kingdom under the policy laid down by the leader of the opposition (Mr. Drew). He believes that we should supply the defence requirements of a country together with sufficient metal for its normal requirements, but not a pound more. The United Kingdom is in the most difficult position of any country in the world today. It is without raw materials. It is true that there are raw materials within the empire, but not within the United Kingdom. The only raw material that the United Kingdom has in any considerable quantity is coal. The people of the United Kingdom are only able to produce about 60 per cent of the food they consume. Their task is to make their living by importing raw material from other parts of the world, fabricating that material into finished goods and exporting the finished goods in exchange for other raw material and for food.

The leader of the opposition made the statement that England has metals in other parts of the world. It is true that Britain has metals in other parts of the world. Why does she not obtain metals from those sources? I am sure that in the position in which Britain is today, if she could obtain them from a sterling area she would do so in preference to paying dollars for these metals. If more copper could be obtained from Rhodesia—and there is plenty of copper there—that is where it would be obtained. Some is obtained there. If more zinc, lead and other metals could be obtained from other possessions—and there is plenty of zinc and lead in other parts of the British empire—they would be obtained from those sources. Britain is obtaining all that can be obtained from those sources, and is buying from Canada just as she has always bought from Canada because her requirements cannot be filled by other parts of the British empire alone. We are supplying metal to Britain. She has always been the principal customer for our copper and zinc, and still is our principal customer. So long as Britain requires copper and zinc from Canada, I believe it will be the policy of the present government to see that she gets that copper and zinc.

I may say that we have given preference to the requirements of the United Kingdom in that regard, and we have refused to permit our exporters to send copper to the United States or elsewhere to an extent that will deprive Britain of her full requirements from this country. We took that action because Britain is our historic market, and we have endeavoured, during periods of shortage, to protect our historic customers.

The amendment further states that we should protect and conserve our forest, mineral and other resources from undue depletion or exhaustion. I believe the provinces are doing a fair job of protecting the productivity of the soil so far as grains and timber are concerned. I suggest that so far as minerals are concerned, we have a very long way to go and very many decades to pass before there will be any shortage of any metal that Canada is producing today.

The amendment states also that we should expand our industrial production. We have been doing that. In each year since the war Canada has never invested less than 20 per cent of our national income in new development. Last year we spent about 24 per cent of our national income in capital investment. I know of no other country in the world that has managed to spend as much as 20 per cent of its national income for that purpose. Last year we spent in permanent investment, that

is in machinery, in factories, for everything of a permanent nature that we build in Canada, about $4,400 million. This year the expenditure in capital improvements will probably exceed $5 billion. There is a limit to the proportion of its national income that any country can afford to put into capital investment. I wish we could afford to go at a faster pace. I wish we were geared to move at a faster pace, but we have been gearing ourselves to move at an ever faster pace each year.

The first year after the war our total investment in capital improvements was about $3 billion, and this year we expect to be able to spend about $5 billion in capital investment. Provided this country continues to prosper, we will spend larger sums each year in the development of the resources of this country.

Mr. Low: There would be some danger in going too fast?

Mr. Howe: There is a physical limit to what can be done. In other words we cannot move any faster than the productivity of the country will permit. If we could move faster than we are now, we all know of very desirable projects we would like to have under way. They will come in their turn. There is no lack of projects in this country, and there will be no slowing down of the physical expansion of our productivity as the years go by.

We talk a great deal about steel. We say that steel is in a terrible situation. We have all this iron ore, and only so much steel. We are still importing steel, and we are exporting steel, too. We exported many million dollars worth of steel last year. What about the ore situation? We are at present not anywhere near in balance with our iron ore. We are net importers of ore today. It takes about two tons of iron ore to make a ton of steel. We imported more iron ore than we exported last year, and we shall have to do so this year, in order to meet the requirements of our steel plants. It is said that we have not been expanding steel production as rapidly as we should. The leader of the opposition placed some figures on *Hansard*. Prior to the war we were producing 1,500,000 tons of finished steel. By 1945, before the war ended, we were producing 2,250,000 tons of finished steel. In 1949, we were producing 3,455,000 tons of finished steel. This year we shall probably produce 4,600,000 tons of finished steel. We have additional capacity coming in at the end of the year which should add a million tons of finished steel. In 1953, therefore, we hope to produce about 5·5 million tons of steel. You say, but we should be producing more steel.

It has been said that this year we shall use 6·5 million tons of steel. So we shall. But it is almost impossible for a country of 14 million people to be entirely self-contained in steel production because there are types of steel that are extremely expensive to make and for which use in this country is on a scale that would not warrant the additional productive investment. At the present time, in structural steels, the largest shape we make is a six by six angle. In two or three months —certainly by October—we will be able to produce everything up to an eighteen inch I-beam, which is a substantial expansion of our capacity to produce structural steel. A great deal of imported structural steel is in the form of H-beams, made only by the Bethlehem Steel Company, and not even made in England. There are other special shapes in larger than eighteen inch I-beams that are used in considerable quantity, a variety of which we import and probably will import for many years. That type of item makes up the million tons or a good part of it, that we will still require to import.

Back in the days of the depression we were importing steel. We were making our 1½ million tons and we were importing about 500,000 tons of steel. In the pre-war days we were accustomed to import about 1 million tons of steel. Why? Because of the variety of shapes that our volume of use did not permit us to make. We will always be importers of steel and we will always be exporters of steel. I have the trade figures here. This year we exported primary and semi-finished steel to the value of $29,300,000. Canada is a trading country; therefore Canada will probably always be an importer of steel as well as an exporter of steel. But I can assure you, Mr. Speaker, that we have in this country a steel industry that will attempt to supply the needs of Canada to the full extent that economy of production will permit.

The industry at the moment is responsible for spending about $150 million in the present expansion program. Since the beginning of the war I suppose an additional $200 million has been spent by that private industry in expanding steel facilities. It is true that the expansion has not been as rapid as I should have liked to see; nevertheless the industry has borne a tremendous burden, and the results will be reaped by the end of this year or the early months of next year.

We are told that the export of raw materials prevents this country from maximum industrial expansion. May I point out that the production of minerals in quantity also leads

to the expansion of allied industry. One of the most rapidly expanding industries we have is the chemical industry. I do not know how many hundreds of millions of dollars have been poured into the chemical industry since the beginning of the last war, but I am sure it must run to $300 or $400 million. The industry is spending over $100 million for expansion at this present moment.

Then as to the smelting industry, the copper ore, the nickel ore and the titanium ore is all smelted in this country before export. We do not export the ore as such. We may export iron ore in the future. We have not done so yet, but we may in due time.

Mr. Green: We are exporting it to Japan.

Mr. Howe: The few contracts made represent an amount which is small.

Mr. Green: Over 1 million tons a year.

Mr. Howe: That is not true. One million tons a year? Ridiculous!

Mr. Green: That is according to reports.

Mr. Howe: One million tons a year coming out of British Columbia?

Mr. Gibson: Of iron ore.

Mr. Howe: One million tons a year?

Mr. Gibson: About that.

Mr. Rowe: They both can't be wrong.

Mr. Howe: That quantity does not show up in the total figures of 4 million tons produced in Canada last year.

Mr. Green: According to reports there are one million tons a year—

Mr. Howe: It must have been a fiction magazine that the hon. member was reading. In any event I will look at the figures of production. If iron ore exports from British Columbia are one-twelfth of one million tons I will make a public apology in this house.

Mr. Green: One hundred thousand tons a month.

Mr. Rowe: That is more than 1 million tons a year.

Mr. Howe: Yes; "if". I will get the exact figures from my statistical department and give them to the house.

Mr. Coldwell: Will the minister give us the figures on concentrates at the same time?

Mr. Howe: Concentrates of what?

Mr. Coldwell: Copper and so on!

Mr. Howe: There is no substantial quantity of concentrates of copper going out. There are zinc and lead concentrates going out from eastern Canada. That is being remedied shortly by building a smelter in eastern Canada. Zinc concentrates are practically all smelted in transit for the United Kingdom. The export of metals has produced a tremendous investment in smelting and refining facilities in this country, and will continue to do so.

It is being assumed that we have no export of manufactured goods. I may say that the export of manufactured goods is increasing about in step with the export of semi-fabricated products. The largest exports are automobiles and agricultural machinery. Our exports of automobiles used to go principally to sterling countries, but on account of the economy measures by sterling countries we have lost that market in good part; but we have replaced it in somewhat larger volume by markets in South America and elsewhere.

A good deal has been said about losing markets in the sterling area. Well, we have lost markets for some products but what is the reason we have lost them? The reason is that the sterling countries just cannot afford to buy all they want in dollar markets at the present time. We are extremely sorry for this situation. We have done everything we could to encourage Canadians to purchase from sterling countries. At one time we were purchasing from the sterling area more than we were shipping to the sterling area. That would be the case today had the availability to Canada kept up, and had we been able to buy the things we needed in sterling countries. However, the availability has not been there and our imports from the sterling area are slipping. Nevertheless it is the policy of the government to encourage the purchase in sterling area countries of everything that can be purchased there. We believe that is the way, and the only way, to make it possible for sterling countries to buy in Canada the type of manufactured goods that those countries were buying in Canada before the second great war.

I do not know that I need to say any more. The amendment to the motion to go into committee of supply fairly well sets out the policy that this government is following. I should say to the hon. member for Peace River (Mr. Low) when he stresses the policy being followed by his provincial government —and I have no criticism of that policy; I think their situation has been well handled— that that policy was adopted holus-bolus from the policy of the dominion government at the time the natural resources of the province were returned to Alberta in 1938.

Mr. Coldwell: The year of the return of the natural resources was 1931.

Mr. Howe: Not to Alberta.

Mr. Low: Yes.

Mr. Coldwell: And Saskatchewan.

Mr. Howe: To Saskatchewan; but as to the oil resources, I remember that they were turned back in my years in the House of Commons. Certain resources were turned back, I think the leases of oil—perhaps just the residual leases—

Mr. Low: The residual leases and the tar sands.

Mr. Howe: Perhaps it was at that time. However, the policies Alberta is following are the policies the federal government has been following in the Northwest Territories for a good many years. Perhaps I should not have gone into that, since my dates may not have been correct. However, there is no quarrel between us.

As I have said, this amendment sets out a policy the government is following and has been following. It may be asked: Then why would the government vote against the amendment? The answer is that it is put in the form of a want of confidence motion. If the amendment is carried, then it means that the house cannot go into committee of supply. If the leader of the opposition (Mr. Drew) wishes to move an amendment of this kind, as a want of confidence motion, it is the duty of the government to oppose the motion—which I shall do, and which I hope other members of this party will do as well.

Mr. Gordon Graydon (Peel): Mr. Speaker, I wish to approach this discussion from a different angle than that taken by other members who have spoken in the debate thus far.

During the 17 years I have been in the House of Commons I have always felt, when listening to the Minister of Trade and Commerce (Mr. Howe), that he would make an excellent auctioneer. I was born and reared on the farm, and we held the view that if there was a way to paint a bright picture, a picture of perfection, the auctioneer was the man who would be able to do it. It may be, however, that the minister will permit some suggestions by way of improving that picture of perfection; because what he has said about his policies and his administration would seem to indicate something pretty close to perfection.

Some hon. Members: Oh, oh.

Mr. Graydon: I said that was what the minister had said. At this time I should like to advance a proposal which I offered on another occasion, on October 22, 1951, when I dealt with the matter of collaboration between the federal and provincial governments in connection with natural resources. What I said at that time was to a great extent the outgrowth of a situation which had developed in the council of the North Atlantic Treaty Organization, just before the date of the debate in the house to which I have referred.

I believe many people were both startled and shocked to learn at that time, as a result of information emanating from the council meeting, that there had not been on any broad scale in any of the countries of the NATO community any real survey or inventory of the economic resources then available to the North Atlantic Treaty Organization. It is true there might have been some semblance of an inventory; but some of the most caustic observations at that time were directed to the fact that no proper inventory had been made setting out the resources of the free countries of the world. When it is said that there was no proper inventory, it will be suggested that such a statement could be made only in a matter of degree, and that there had been some inventory. The fact remains that this critical comment was made on that occasion, and it was those comments which prompted the proposal I made in my speech in the house on October 22, 1951.

While I am not seeking to commit anyone at this time to the proposals I then made, I might point out that they were presented in an effort to be constructive. I was convinced then, and I am still convinced, that there is work for a board or a commission, whichever one may choose to call it, which would deal with our natural resources. The name to be applied to such a body is not important; the important thing is what the body does, the purposes for which it is set up and the extent to which it achieves its objectives.

On the occasion to which I have referred I made these suggestions:

> That appropriate legislation be introduced setting up a national development production board to be composed of representatives of government on the federal and provincial levels and of agriculture, industry and labour and other branches of our national endeavour, to achieve the following objectives:
>
> (a) To survey at once the natural resources of Canada in relation to their availability and the foreseeable demands as presently indicated by the requirements for our defence program, the anticipated demands arising from our international obligations and the domestic demands of an expanding economy.
>
> (b) To recommend with the least possible delay upon the basis of such investigation and examination how best this nation can meet the demands and obligations above-mentioned.

My proposal at that time was not made with a view to supplanting in any way the functions of provincial or dominion governments. What I had in mind was to find a way whereby, working together under our present

system, we could obtain the maximum development of the objectives we had in mind. It was an attempt to co-ordinate the activities of governments at various levels in the hope that not only would we be able to meet in an orderly fashion the obligations placed upon us by our NATO commitments, but that we would be capable of handling our expanding economy at home, as well as looking sufficiently far into the future to meet conditions that might develop at that future time. Let us hope that the day may not be far distant when we may be in that position. We have to be ready for the day when the current international impasse will be at an end and we may return to a more normal state, although it may well be that the present industrial buoyancy resulting from defence preparedness may not be present then in the same degree as it is now. Let us hope that at such time we will be in a strong position to relate our economy to the needs of our own people, always keeping in mind our relations with other countries of the world as they may develop in the future.

It seemed to me that there was merit in the proposals I offered at that time. I felt that as a first move the provinces should be consulted, and that after such consultation the board might be set up for the purpose of making recommendations to bring about the desired objectives. I believe my suggestion has within it the germ of a program under which this country would move forward through concerted action, rather than by haphazard and piecemeal methods, both in the international and domestic fields. My suggestions had in mind no interference whatsoever with federal, provincial, municipal or private rights, but rather have for their purpose what might be described as Canadian team-play.

I believe any move in that direction should be welcomed by the government. I repeat the suggestion to the minister with all the conviction I can summon, because I feel there is need for this type of improvement, not only for the betterment of our own economy in Canada at this time but with a view to stabilizing our position internationally in the days that lie ahead.

Mr. Howe: On a question of privilege, I was challenged about the iron ore shipments from the west coast. I should like to state now that in the full year 1951 the shipments amounted to 113,364 tons; and for the first four months of 1952, 60,375 tons. Those are the totals for the period.

Mr. Green: Has the minister any estimate for this year?

Mr. Howe: No. The hon. member can make the estimates; I can only give the facts.

[Mr. Graydon.]

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, the subject matter of the amendment moved by the leader of the opposition (Mr. Drew) and the subject matter of the subamendment proposed by the hon. member for Rosetown-Biggar (Mr. Coldwell) differ to some considerable extent. My main reason for getting to my feet at this time is to comment on the fact that in the surveys to which I have listened of the development of Canada's resources every speaker has ended at Quebec. As I have said on a good many occasions, the thinking of Ottawa, particularly those who live here and have to do with the management of the country, is to forget completely that there are four provinces east of Quebec. The statements this afternoon were all alike in their failure to recognize that important fact.

The development of our resources from the national standpoint, either by the government or by free enterprise, poses this question in my mind: What is there left to develop which is not already under lease? There is very little. My main quarrel in the house over the years has been that United States rather than Canadian capital is developing Canada's resources. We have leased practically all the resources of this country to outside capital, and I do not think that is a good thing. In that kind of development we are losing control of our resources, either under the free enterprise system or under government control.

Let us consider for a minute this question of iron ore. When a bill was proposed in this house to give the Hollinger exploration company a franchise in the Ungava area which included the construction of railroads and all the rest of it some of us opposed the measure. I still think that despite the fact that we have these iron ore deposits which are so important to the steel industry of the future, we will still be importing iron ore after they are fully developed because this development is being undertaken by United States interests. The M. A. Hanna Company in the United States are supplying the capital and in the final analysis will own the ore deposits in that area for ten years.

Mr. Howe: Half is owned by the Hollinger interest and half by the Hanna Company.

Mr. Gillis: The Hollinger people are acting as the Canadian front for the M. A. Hanna Company of the United States. The point I am making, and the point which the leader of the opposition missed, is that this development is being undertaken by United States capital because the necessary risk capital could not be found in Canada. The Canadian

free enterpriser was not enterprising enough to see the future of that development.

Mr. Howe: My hon. friend says that there is no risk capital being put up in Canada. I assure him that the first $5 million that went into Ungava was put up by the Hollinger Mining Company and 50 per cent of the next $5 million was also put up by that same company. Let us not run down our own institutions.

Mr. Gillis: The point I am making, and which I think the minister is fully aware of, is that the Hollinger people are subsidiaries of United States interests.

Mr. Howe: No.

Mr. Gillis: Oh, yes, they are.

Mr. Howe: On a point of order, let us be accurate. The Hollinger mining company is owned to a large extent, I think 60 per cent, by the Timmins family. It always has been and probably always will be. A good part of the balance is owned by Canadians. The United States holdings in Hollinger are quite small.

Mr. Gillis: I am not going to argue with the minister at this time, but when the bill was under discussion names, dates and amounts were placed on the record and they are there for anyone to see. I am not going to go into the Hollinger operations in Canada and their tie-in with the United States company because we have done our research on it and it is a matter of record in the house.

I think that even after this ore is fully developed we are still going to be importing iron ore. The United States interests are going to have the final say in what ore we get and what they keep.

The same thing applies to oil. The hon. member for Peace River (Mr. Low) says that his government has rented these oil rights. That is fine as far as his government is concerned, but the pipe-line companies had to come to the House of Commons for a franchise to pipe the oil to the United States. When it is finally piped over there the Americans are going to have the say as to how the oil is to be distributed. We fought this in the house, and I think rightly so. We wanted to have these pipe lines constructed on Canadian soil declared to be common carriers. We submitted that if the federal government were going to assume the responsibility of issuing franchises the main pipe lines in Canada should be declared common carriers so that anyone would have the right to tap them or put on branch lines.

Mr. Howe: Under the provisions of the Pipe Lines Act they are all common carriers.

Mr. Gillis: They have not been declared to be common carriers. The same thing applies to natural gas. The pipe-line companies are being given the right to tap the natural gas and distribute it all over the country. We should not be patting ourselves on the back because of this type of development. I think the leader of the opposition missed the boat completely when he failed to realize that the system of free enterprise which he talks so much about has not been free enterprising enough in the way of supplying capital. We have had to import capital from the United States in order to develop our resources.

I submit that if risk capital could not be found in Canada to at least meet these basic requirements the Canadian government should have protected the Canadian people by retaining at least a 51 per cent interest in the capital invested in these resources in the name of the Canadian people. That could have been done, and I think it should have been done. The premier of Newfoundland is doing that kind of thing right now so far as bringing capital into that province by retaining 51 per cent of the shares, stock or capital going into such developments. I think it is something that is very necessary.

As I said when I rose, so far as thinking about the development of this country is concerned, it stops after you reach Quebec. I am glad to see the Minister of Resources and Development (Mr. Winters) is now in his seat. He has a department under his control which is presumed to be concerned with the development of our resources; but it seems that the Minister of Trade and Commerce (Mr. Howe) is the minister who actually has that power at the present time. I should like to call to the attention of the house the fact that within the last couple of months I had occasion to approach the Department of Mines and Technical Surveys. I was appealed to by a certain gentleman who had 57 square miles of territory, I think it was, leased in the province of Nova Scotia. He had tested that area and had found an excellent grade of iron ore.

All his tests were made and he had made a connection with a British company that took his samples and told him, according to the correspondence between them which I have read, that if he could develop that area the company would take one million tons a year of that grade of ore. The person who had the property under lease was not able to complete a certain survey that was necessary. He needed a magnetic survey of the area in order to complete the proving-up of the whole region. The Nova Scotia provincial government did not have that kind

of equipment, but it is available in the federal Department of Mines and Technical Surveys. I sent the department the correspondence between myself and the gentleman concerned and the correspondence between him and the British company which was pushing him to proceed with the development of the area and was willing to take a million tons of that type of ore. After considerable delay I received a letter from the Minister of Mines and Technical Surveys to the effect that they would not undertake that kind of survey for commercial purposes.

For what other purposes does the department make surveys? I hope it is not merely to put them in the archives. However, that is as far as I could get with the department. In his speech this afternoon the minister set out very clearly the need for iron and other basic materials, and outlined the research and exploration that is being carried on. In the case to which I have referred this man carried on his own exploration for two years, had all his analyses made and finally came to the point where, in order to put the property under development and having an assured market for the product, all he needed was the help of the department in making a magnetic survey; and he was not able to get it.

I should like to ask the members from the maritimes if they think in that particular instance that part of the country is getting the kind of deal with respect to the development of its resources that the rest of Canada is getting. The minister clearly indicated that they opened a tungsten mine, I believe it was, in western Canada, operated it during the war and then sold it to a company. I imagine there was considerable capital invested there. When the war started they repurchased the mine, redeveloped it and put more capital into it. I imagine that millions of dollars of the taxpayers' money went into that development; but when the Department of Mines and Technical Surveys is asked to do an ordinary routine job involving the use of equipment they already have one gets the short answer from the minister that they do not do that kind of survey for commercial purposes.

Mr. Blackmore: Did the hon. member take the matter up with the Nova Scotia government, and did they back up his request?

Mr. Gillis: I did not take it up with the Nova Scotia government because the man who approached me had already done so and the Nova Scotia government did not have that kind of equipment.

[Mr. Gillis.]

Mr. Blackmore: What I am wondering is whether the Nova Scotia government would have sought the survey from Ottawa.

Mr. Gillis: I do not know. I made representations and I know the answer I got. I got the answer that that kind of survey was not made by the department for commercial purposes. When the minister's estimates are before the house I hope he will let us know for what purpose they send out survey parties to search for new mineral deposits. Is it merely to get reports and then bury them in the archives, or is not the end in view, so far as all research, exploration and mapping is concerned, development for commercial purposes later on? I should like to get an answer from the minister to that question because I am sure the results of a large percentage of the research and exploration carried on by the Department of Mines and Technical Surveys are made available to the larger companies to help them in expansion and so forth.

My main reason for rising at this time was to bring up this matter. We hear discussions in the house year in and year out with regard to the development of the country, but they stop at Quebec. There is no thought of going east of Quebec. I have just mentioned the fact that I tried to get a little help from the Department of Mines and Technical Surveys to develop an industry that is badly needed in the maritimes, and I was lightly brushed off with the answer I have already given the house. As far as I am concerned, I cannot see the necessity for the amendment now before the house which has to do with developing our resources primarily for the benefit of Canada. Every possible development in this country, oil, coal and what have you, is already under lease either to Canadian capital or United States capital, but largely United States capital.

Let us take coal. In the maritimes the rights are under lease to the Dominion Coal Company for the next 99 years. There are parts of that section of the country where there are very good deposits of coal, but there is no capital in Canada with which to develop them. I could mention one example in the Inverness section. If the hon. member who represents that part of the country were in his seat he would tell you that for the past fifteen or twenty years that area has been a relief camp. There is an excellent grade of coal available there, but it will cost considerable money to develop it. We discussed that proposition in the reconstruction committee in 1942. We got an idea of the amount of capital necessary to develop it. The only

people in Canada who can supply the capital necessary to develop that area are the federal government, and the federal government is not going to undertake the project despite the fact that we import every year about 60 per cent of Canada's coal requirements. The federal government will not undertake that kind of development, and you cannot find in this country the kind of money necessary to undertake that kind of project.

The amendment suggests that the resources of the country should be developed by a combination of government and private enterprise, but I very much doubt whether you could find any resources in this country at the present time that are not already under lease. I cannot think of anything in the field of our basic resources that is not already leased to private capital in either Canada or the United States.

I do not agree with the Minister of Trade and Commerce that this is a want of confidence motion. I think the motion and the amendment merely ask for the development of a policy in Canada that would urge the Canadian government and Canadian capital to take a greater part in the development of Canadian resources, with a guarantee that those resources are going to be owned, managed and distributed in Canada first on the basis of our own requirements, and secondly the surplus to outside countries.

I cannot see where there is any want of confidence. I think this business of leasing our resources to the United States leaves much to be desired. I understand a lot of people think it is wonderful that we brought our dollar back to par. The main reason the dollar came back to par is because of United States investment in this country. At the same time my information is that in bringing the dollar back a little above par we have lost about $80 million in foreign exchange. There was that difference in our foreign exchange position. If our dollar has stepped up we have paid for it, if the press statement is true that there was that difference in our foreign exchange position.

I cannot see any reason why I cannot vote for this motion; but as far as I am concerned I am not satisfied with leasing Canadian resources to United States capital without the Canadian government taking some steps to protect Canadian people with respect to the future use of those resources. I believe that where we cannot find risk capital for development in this country, then the government of Canada should do what the government of Newfoundland is now doing; that is, hold at least 51 per cent of the shares, stocks or capital in that resource in this country as a guarantee of the protection of the rights of the Canadian people. When you sell oil rights to capital outside this country by way of indiscriminate leases—and this applies to other resources—you have no more control over them. They will be exploited and used in the manner intended by those who purchase them, and that will be in their own interests first.

Mr. Rodney Adamson (York West): This debate is one I enter with protest because of the things that have been said. I am normally in quite fair agreement with my hon. friend from Cape Breton South (Mr. Gillis), although I cannot but disagree with his interpretation of the United States capital invested in Canada. As a matter of fact, one thing that surprises me more than anything else is how little United States capital controls Canadian industry, how very little United States capital has recently entered Canada.

Figures in the millions or even in the billions are impressive, but compared with the new plant and the tremendous increase in gross national product, the percentage of United States investment in Canada has actually decreased since after the first war to the present time. It has decreased very considerably since the start of the second war. In other words, Canadian capital is now playing a very much larger part in the development of this country than it ever did before. Unfortunately I have not the figures with me, but I think I am safe in saying the percentage of United States capital, taken as a percentage either of the gross national product or of the capital value productive plant of this country, has decreased by as much as 35 per cent in the last ten years. I shall certainly ask the dominion bureau of statistics to get me those figures, and I would suggest that if any association can get them for a particular industry they would be extremely interesting. The point is that Canadian capital has led the field in this country. Canadian capital has done a job of development and Canadian capital is now doing a greater percentage of that development than it has ever done before.

Coming now to what the hon. member for Rosetown-Biggar (Mr. Coldwell) said this afternoon when he complained about the cutting of white pine up the Ottawa and Gatineau valleys: True, the white pine was cut; but it made the foundation of the building trade and the foundation of most of the construction of our cities and pioneer factories. Today the banks of the Ottawa river,

far from being waste land, is good farm land; and from looking at them I would say they are being prosperously farmed all up and down the river at least on the Ontario side. Apart from that there has been probably the greatest hydroelectric development and capital investment on any river in the world. Again I would like somebody to compare the value of the trees, the white pine that has been cut, even at today's values, with the value of the electricity produced on those two rivers, the Gatineau and the Ottawa, in one single year. Far from leaving the valleys laid waste I do not think there is any valley in the world that has been so intensively developed. As a matter of fact, when I wish to show someone visiting Canada an area the development of which I am proud, I take them up the Ottawa river. I show them the tremendous capital development that has taken place in building those hydroelectric plants.

Now, Mr. Speaker, it will be said that they were developed by the province of Ontario and the province of Quebec. That is true; but the point I wish to make is that while we have depleted our white pine resources we have in their stead a large farming area and the greatest hydroelectric development, as I have suggested, on any river in the world, with the possible exception of the Columbia.

Let us not belittle Canadians. Let us not say we have not done things when we have done them. Let us above all try to evaluate this matter of our natural resources and what we have done with them in a factual way.

There are two sides of this question of the depletion of natural resources, and there are two main theories that are being developed. One is the theory that has been put forward by Eugene Holman, who is president of the Standard Oil Company of New Jersey, in which he advances the idea that our natural resources are inexhaustible. He mentions oil, and I assume his figures are accurate, and states that for every barrel of oil that has been extracted in the last year, two barrels of potential oil have been discovered and brought into production. Not being an oil geologist I do not know the technical terms, but those are his figures, and I presume that as president of the world's largest oil company he knows what he is talking about.

I should like to quote what he says about the oil development in his article in the *Atlantic Monthly* for June. Speaking about oil he says the record—

> . . . is one that shows that for every barrel of crude oil or cubic foot of natural gas withdrawn from the ground in 1951, two new barrels of oil or cubic feet of gas were found or developed. Perhaps the idea is getting around.

I believe his concluding paragraph is of sufficient interest to the house to quote it. It reads as follows:

> The basic requirement for progress is freedom—freedom to inquire, to think, to communicate, to venture. Without these conditions, the human mind and spirit will be so shackled that the availability of natural resources will be limited and we may exhaust the known sources of some needed material and find nothing to replace it. To the free man all things are possible. Opportunity is the wand which can change the useless into the useful, waste into raw materials of great value, exhaustible resources into inexhaustible resources. It is the key that unlocks the greatest energy source of all—the infinite power of the human individual.

The things which he regards as the shackling things are extreme nationalism, government control, monopoly, currrency restrictions, abnormal tariffs, threat of expropriation, wars and revolution. These are all the by-products of socialism. This is the argument of a petroleum chemist, who tells us that there will be and can be a continuing expansion of our natural resources. He believes that if one resource is depleted a substitute will be found through the genius of chemistry.

There is no doubt, Mr. Speaker, that on the basis of the record there is a tremendous amount in what this gentleman says. The improvement in our ability to refine and extract many minerals which we are now using so freely makes a big difference. Aluminum is an example. Today it is selling at 15 cents a pound; at the turn of the century it was selling for many dollars a pound. The ability of the mining industry, the ability of the chemist and the geologist to discover and extract all metals has reduced the price and made aluminum universally available. Titanium is another metal which we have recently discovered how to use. We may find that titanium will be a substitute for steel for certain uses. The chemist, the engineer and the research scientist have made it possible for this resource, known to us for many years, to become one of the great metal developments of this century.

So much for the man who believes that we have an inexhaustible store of resources. Let us look at the other side of the coin. Let us look at it from the point of view of this continent, and let us examine the metals in which Canada and the United States are deficient. We are a part of the North American economy, and we cannot but be influenced by deficiencies in the United States. At this point therefore I should like to quote from a table prepared by Professor Alan M. Bateman, chief of the department of geology of Yale university. I believe these figures are so significant, and that they will have

such an effect on the whole Canadian economy, that they should become a part of this record. The table is as follows, and has the heading, "Dependence on foreign minerals expressed as a percentage in world war II and in 1975."

Mineral	Per cent foreign during world war II	Per cent foreign in 1975	Probable chief foreign sources
Antimony	83·2	94	China, Mexico, Bolivia, Peru
Bauxite (aluminum)	18·18	85	Surinam, British Guiana, Jamaica, Indonesia
Beryl	90·6	90	Brazil, India, Argentina, Africa
Asbestos (strategic)	100·0	100	Rhodesia, S. Africa, Canada
Chrome	89·6	100	S. Africa, S. Rhodesia, Turkey, New Caledonia, Philippines, Cuba
Cobalt	85·6	90	Belgian Congo, Rhodesia, Canada
Corundum	100·0	100	S. Africa
Copper	37·6	65	Chile, N. Rhodesia, Belgian Congo, Canada
Diamonds (industrial)	100·0	100	Congo, Angola, S. Africa, Brazil
Fluorspar	2·0	50	Mexico, Africa
Graphite	100·0	100	Madagascar, Ceylon
Iron ore	2·0	35–45	Venezuela, Canada
Lead	44·2	70	Mexico, Peru, Australia, Canada
Manganese	85·5	80	India, Africa, Brazil, Cuba
Mercury	43·2	80	Italy, Spain, Mexico, Canada
Mica (strategic)	88·0	95	India, Brazil
Quartz (radio)	99·0	100	Brazil
Nickel	100·0	100	Canada, Cuba, New Caledonia, Celebes
Petroleum	0·0	50	Venezuela, Middle East, Canada
Tantalum-columbium	99·0	99	Brazil, Congo, Nigeria
Sulphur	0·0	50	Canada, Mexico, Europe
Tin	100·0	100	Malaya, Indonesia, Bolivia, Congo
Titanium	26·0	80	Canada, India, Norway
Vanadium	32·4	25	Peru
Tungsten	61·1	70	China, Bolivia, Brazil, Portugal, Canada
Zinc	36·7	60	Mexico, Peru, Australia, Canada

Here is the chief of the department of geology at Yale university quoting industrial figures which I gather he obtained from the department of mines in the United States and saying as to such basic products as petroleum and sulphur—of which there was no deficiency whatsoever in the United States at the end of the last war; that is just five years ago—that in less than the next quarter of a century the United States will have a deficiency of 50 per cent of their requirements.

Those figures cannot be laughed off. For us in Canada those figures are an extremely important challenge. The first challenge, of course, is that we must do everything possible to see that our production is increased to such an extent that we can supply the North American needs for these two basic materials. Whether we like it or not, we on this continent form an economic unit which must stand together.

Of the deficiency materials mentioned Canada is a source of the following: asbestos, cobalt, copper, iron ore, lead, nickel, petroleum, sulphur, titanium, tungsten and zinc. Most of the metals or the minerals, because there are minerals in this group, are deficient to the United States economy in a large percentage, and the deficiency is growing at an alarming rate. Probably never before in the history of any single nation has a challenge so dramatic and so imperative been placed before it. If we are to play our part in the free world we have to see to it that our production of these materials, of which we are one of the greatest potential sources of supply, is adequately developed. Nothing could be more important, for instance, than that every effort should be made towards the production of elemental sulphur. We should see to it that not one single pound is wasted of any substance that is capable of being made into elemental sulphur.

As I have said, petroleum is a subject for the petroleum and oil people. But here again, despite the glowing terms used by the head of the Standard Oil Company of New Jersey —who in effect said that in the last year two barrels of petroleum were found for every barrel used—nevertheless in 1975 the United States are going to have a deficiency of 50 per cent of their petroleum requirements. Those are staggering figures. No challenge that we have ever had put up to us as Canadians is as significant as is the challenge we now face with respect to the production of raw and basic materials.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Adamson: Mr. Speaker, when the house rose I was just about to discuss the situation with regard to iron and steel in Canada in the light of our position as a North American country; because, whether we like it or not, we cannot defy geography. It is one of those things that are inescapable; and to try to divorce ourselves from the North American concept is not only ridiculous but impossible.

We have an economy that, until such time as atomic energy and nuclear fission take the place of the present sources of energy, must be built on the known fuels, and on basic steel. The figures I gave before recess regarding our North American deficiency position show that of the essential ingredients of a steel industry, we have to look forward to providing no less than seven of the alloys that go to make modern steel the effective metal it is. A steel industry is based on the essential ingredients of coal, iron ore and scrap. The basic components, in addition to these, of which we are deficient on this continent are manganese, fluorspar and graphite. Just to give an example of the importance of one small item, for the graphite used in the lining of the crucibles in which steel is poured we are dependent upon Madagascar and Ceylon. I mention this simply to show a tremendous job of research that might be done. If we could obtain a substitute for graphite, which is a small but essential ingredient in the process of steel making, we would forge one small link, nevertheless an essential link, in the whole process.

The components in which the American steel industry is deficient, are the following: chrome, manganese, nickel, cobalt, tungsten, molybdenum and vanadium. All these are essential in a steel industry for it is upon them that the maintenance of a modern steel industry depends. The challenge to us is to develop the seven alloy metals on which the whole complex economy of this continent depends. Unless we are prepared to be merely a producer of raw materials for others, a position which even in the days of confederation Sir John A. Macdonald rejected, the job lying ahead is much greater than anything we have met up to now.

A strange national psychology has been that we were a one-crop or one-product nation, one of the greatest errors we could make—and my authority for this statement is Dudley Stamp, in his book "Land of Tomorrow"—is to allow our western agriculture to remain a one-crop economy. We must begin to think in terms of a mixed farming economy in the west, just as we must continue to think of a mixed manufacturing economy in the east and in the west, and not think as we did in the old days when manufacturing was done in the east and agriculture was confined to the west. I believe the great industrial revolution now taking place in the prairie provinces will soon adjust that balance.

The amendment contains a protest against what I like to call little Canadianism. We have this challenge; we have this responsibility as citizens of the world, not merely to produce the basic commodities but to find more of those basic commodities, to see that our resources are not depleted in respect of what we have and, furthermore, to see that everything we produce is used by us, not selfishly for our own good—because the world is too small for that—but so that everything we produce may reach its ultimate stage in Canada, so far as possible.

I have referred to 1975 as being the year when we will see a serious deficit position in the United States. This challenge is one which means that we must raise our sights with regard to population. It is one which means that we must raise our sights with regard to manufacturing and industry. It is one which demands that we must raise our sights with regard to the production of all raw materials. We cannot afford to waste anything. We cannot afford to leave any part of this country undeveloped or unexplored. If we do, we are not fulfilling our destiny; we are retrogressing and will become merely a producer of raw materials for others to use. That is a position I never want to see, a position which we in this house at this moment have a tremendous responsibility to prevent.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, the subject raised by the amendment is of vital importance to all Canadians; I feel that I should make an observation or two before a vote is taken on that amendment. In the main, members of the Social Credit group are in harmony with those who have spoken up to the present time. I should like to refer particularly to the speech of the hon. member for Cape Breton South (Mr. Gillis), with practically all of which I heartily agree. However, I felt the hon. member left the house and the country in some uncertainty about the oil situation in Alberta.

It seems to matter very little how often one puts the truth before the people, as some people seem to have a hard time getting it or believing those who tell it. The hon. member gave the idea that notwithstanding what the hon. member for Peace River (Mr. Low) had said, notwithstanding what I had said the other night, the Alberta government had alienated from the crown the lands on which

oil has been or is being found. That idea is absolutely fallacious. I hope that somehow or other we can impress upon our C.C.F. friends that the kind of thing they have been telling in Saskatchewan and British Columbia about what Alberta is doing with respect to oil is wrong.

Men who pretend to be as much interested in the development of Canadian resources and welfare as these gentlemen certainly can afford to tell the truth about what is being done in one province that is leading the way in respect to policies which they claim to be so interested in putting into operation in the country. One hon. member says that he has never mentioned oil. I am thankful that he is not responsible for the kind of thing I found in Saskatchewan a week ago. There certainly was some nonsense there, and the people who were spreading it seemed to be so sure they were right that you could not pound the truth into their heads with a claw hammer.

Mr. Argue: Did you have a hammer with you?

Mr. Blackmore: I will have to take one along next time, together with a cold chisel. The people are entitled to the truth. I should like to read one or two excerpts from an Alberta government publication entitled "They belong to you" in order to set this matter clearly before everyone anxious to get the truth. In this document, published officially by an Alberta government minister, we find the following reference to oil:

> All development in Alberta is carried on under the authority of leases which set out the terms under which development must be carried on.
>
> The government is always in the position where it can change its form of lease and the terms of the lease as conditions change so as to assure proper development and fair returns.

I ask the hon. member for Cape Breton South and anyone else who is anxious to get the truth: How on earth can you get from that passage anything but a definite declaration that the Alberta government is absolutely in control of every parcel of land that at any time has belonged to the Alberta government and which is capable of producing oil? Another quotation on the same subject from the same document, referring to leases and the general arrangement of managing oil, is as follows:

> By this means the government retains at least half the area to be disposed of by sealed tender to the highest bidder as and when and on terms and conditions set out by the government. This tender is for the right to lease and produce oil.

The Alberta government gives no claim whatsoever to even one square inch of the land of Alberta. Another quotation is as follows:

> By this method the government is preventing monopoly and obtaining all possible out of the development of its natural resources. The lessee pays $1 per acre per year for all land leased and a royalty of from five to fifteen per cent according to production or a straight royalty of twelve and one-half per cent. Royalty on existing leases can be raised to 16⅔ per cent.

That again is a definite declaration that the government is completely in control of land even when leased. Then there is the following reference to the petroleum and natural gas conservation board, which is an Alberta board:

> The petroleum and natural gas conservation board has full power:
>
> (a) to prevent waste;
>
> (b) to say where drilling can be done;
>
> (c) to obtain any or all information about the wells;
>
> (d) to say how much each well can produce.

There is one more positive assertion that the province is completely in control and in complete ownership of all the lands on which oil is being produced where such lands had not been alienated from the province before the present administration took office. As the hon. member for Peace River pointed out this afternoon, it is important to note that before the Alberta government got a chance at these lands certain men in the dominion government at Ottawa away back before 1905 had alienated almost 50 per cent of the total oil-producing lands in that province from the future government of Alberta. Those lands were given away to friends; there is no doubt about that. Alberta did not get any kind of control over her resources until 1931, and then she got only what was left. When lands have been alienated, the government of the province of Alberta has very little chance of doing anything about them, and it certainly has no right to be blamed for failure to control those lands.

As we are dealing with resources, there are one or two other matters which I believe are worthy of note. Since we are discussing the conservation of the resources of the Dominion of Canada we are naturally deeply interested in what each province is doing in respect to the conservation of natural resources. That provides a reason for giving some additional information to the house which I am sure every hon. member will desire to possess. I should like to quote from "The Alberta Story," which is a government of Alberta document published

in 1952, an absolutely authentic document. Dealing with natural resources, it states this on page 47:

No oil, mineral or timber bearing lands are sold. They are leased only for development on terms which ensure to all the people of the province a fair share of the development. The Alberta government's policy of giving encouragement to individual enterprise—co-operative as well as private—has proved beneficial in the interests of the people. The government does not risk the taxpayer's money in speculative enterprises. Monopoly control is prevented.

Once more that is a declaration that certainly anyone in this house and anyone attempting to be in public life ought to have the intelligence to understand and the honour to report correctly. On page 51 there is another comment which reads as follows:

Prior to 1941—maximum royalty from oil production on crown lands was 10 per cent. After 1941—royalty increased and placed on graduated scale with a maximum of 15 per cent and a minimum of 5 per cent dependent on average daily production with the option to the operator of paying 12½ per cent of gross production until 1951. After June 1, 1951, royalty was placed on a sliding scale with a maximum of 16⅔ per cent and minimum of 5 per cent dependent on the production of the well each month. Average royalty rate for latter half of 1951 was 14·1 per cent.

Here again is the clearest possible proof that the province has not in any way surrendered its rights to absolute control of its resources.

On page 55 of the document we find something pertaining to the protection of forests. With all that has been said in the house in this debate respecting the protection of Canadian forests I heartily agree. I believe we have been exceedingly remiss in our duty in this generation and in the generations immediately preceding ours, in the matter of conserving our forests. There are provinces where the reckless way in which lumbering and logging is permitted to go on I think constitutes a reflection on the intelligence of the people of those provinces, and an absolute disregard for the welfare of those who are to come in the future.

There are provinces in this dominion where 25 years from now I doubt very much that anyone will be able to get a piece of virgin timber to develop at all. I do not know how provision is being made for those who will come after us 50 years from now to obtain wood with which to build their homes. I am sure all this must stop. A public consciousness is developing, very slowly, in some parts of the country, which dictates to the people that they have a responsibility to their children and their children's children in the matter of conserving resources.

[Mr. Blackmore.]

I will now read from page 55 of this document what Alberta does with respect to the protection of forests. It reads as follows:

The Alberta government has outlined a comprehensive program for the protection of forests and has taken definite action in this regard. Extensive areas have been set aside as permanent forested areas, in which no settlement will be permitted, and in which those engaged in lumbering operations will be required to follow a program of selective cutting and conservation. Restriction of settlement in the forested areas will not prevent development.

Negotiations carried out with the federal government resulted in a conservation program for the entire eastern slope of the Rocky mountains. Protection of this vast area is carried out by a special board.

May I interrupt for a moment to commend the responsible ministers of the government at Ottawa for the way in which they co-operated with Alberta in establishing protective measures on the eastern slope of the Rocky mountains. It was a fine, laudable thing which should produce rich results for those who come in the future. I continue:

The foremost objective is to stabilize and amplify the water supply for all the rivers watering the prairie plains. Experimental and research work is co-ordinated with the methods of the practical operator to learn the best logging practices. This will provide a supply of timber annually for the province's growing lumber industry, and with reforestation practices will ensure a perpetual source of supply.

I interrupt my reading to say that this constitutes an ideal state of affairs. It is a state of affairs which should prevail in every area across Canada from coast to coast. I go on:

An inventory of Alberta's forests started in 1949 and already 70,000 square miles have been photographed. Base maps and forest inventory maps are being prepared from these photographs. A forest surveys branch with a forest engineer in charge has been set up to handle the inventory and aerial photography in forest areas. Miles of roads, trails and telephone lines have been built in areas formerly inaccessible for fire fighting. Additional look-out towers and the installation of two-way radio facilities have furthered the safeguarding of this valuable natural resource, the forests of Alberta.

In the building of roads, exploring for oil, prospecting for ore, or for the extraction of lumber, aerial photographs are invaluable to the oil man, the lumberman, the surveyor or the engineer. Since the inception of the aerial photographic survey of the province by the department of lands and forests, 120,000 photographs now are available. Alberta is the first province to photograph aerially an entire province. The saving in time, money and energy of such a project will be a major factor in promoting and expanding the resources of this province.

May I interrupt to point out that this is one of the devices which have had such beneficial effects in the development of the Alberta oil industry. I believe that is sufficient to indicate the care that Alberta is taking. The document goes on to point out that very careful measures have been taken for the

preservation of game and fur-bearing animals and the increase thereof and that very adequate measures have been adopted, although in the beginning stages, in the development of Alberta fisheries and the protection thereof.

I am glad this debate has arisen. I wish that more positive and practical suggestions had been made by some of the speakers as to how the objectives they have in mind could be attained but, as I say, the debate was well worth while. We Social Crediters are heartily behind all wise measures for the development of the nation's resources and the conservation thereof.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I want to deal very briefly with one or two points that came up during the discussion. The hon. member for Cape Breton South (Mr. Gillis) spoke of the fact that in the discussion that had taken place there had been no reference to any place east of Quebec. I would not wish to leave that on the record unchallenged. I did not attempt to go into the details of the tremendous iron possibilities across Canada. However, on many occasions I have made it clear that I am firmly convinced there are immense possibilities for the increased employment of our iron resources in every part of Canada. I hoped I had made it clear that I was not limiting my statement when I used the expression that a new iron ore empire has emerged right across Canada. I went further and spoke of the possibility of the greater use of our resources from the Atlantic to the Pacific. I mention that only for this reason, that I was not limiting my remarks in any way but stating a proposition which I believe applies to our iron ore resources right across the country.

I also wish to deal with one or two points made by the Minister of Trade and Commerce (Mr. Howe). I did not interrupt at the time he was speaking, but an interpretation was placed upon remarks I had made which I am sure those remarks did not support. He indicated that I had put forward a proposition that not a pound of iron ore should go to the United Kingdom. I said nothing of the kind. I said that the last pound of raw materials needed for the production of defence requirements should be assured. I did say that we should not encourage the export of a pound of iron ore that was not necessary for the defence purposes or that was not needed for the maintenance of continued production of essential requirements in another country. In fact I sought to make it clear that my position was the very contrary, and I believe these are the exact words I used. I said:

> I hope that nothing I have said will be interpreted as an argument in favour of any dog-in-the-manger policy.

I had hoped my remarks from beginning to end indicated quite clearly that we should be prepared to accord those courtesies to the United Kingdom which we have received from them and also that we should co-operate with the United States in the great joint efforts we have made. I was directing my remarks particularly to the fact that we are expanding production of our raw materials at a tremendous rate, and I believe that in the increased production of these raw materials we should be directing our attention to the possibility of increasing the processing at advanced stages of all these raw materials for the greater employment of people in this country.

Referring to the subamendment moved by the leader of the C.C.F. party (Mr. Coldwell), I would simply like to make a brief observation to explain why I do not propose to support it. If it were simply a deletion of those words with no explanation and nothing to indicate what the purpose of the deletion is, I might not object to voting for the motion in the amended form. The hon. member has very properly explained what he does mean by the subamendment. He has indicated that in moving this deletion it is an expression of his own objection to the advantage of the free enterprise system in the development of these resources.

When he criticizes what has happened under the free enterprise system in the development of these resources, and indicates perhaps not too explicitly that he thinks they could be better developed and processed under another system, I would point out that the abuses he is referring to have been abuses from the failure of governments to adequately supervise the use of those resources. I have indicated, without directing my criticism to any particular government, that in the very nature of things in a country with such abundant resources there has been a tendency to take them for granted; and undoubtedly at the government level and other levels there have been methods employed which should not be approved.

On the other hand I do not think the record of governments in supervising the use of these resources in itself is a very good argument in favour of giving still greater authority to a government not only to supervise but to go apparently a step further and to engage in processing as well. It was for that very reason that this motion sought to make it clear in advocating the further processing, as well as the conservation of these resources, we believe it is under the free

enterprise system that this work will best be carried on and the highest measure of employment will be created.

That does not in any way overlook the abuses that have threatened some of our resources in the past. Nor does it in any way lessen the weight of my own contention that we should use our resources with the utmost care. I do believe, however, that it is the function of government to supervise, and that the actual processing and manufacturing can be carried out by private enterprise to the greatest advantage of our people. For that reason I do not intend to support the subamendment.

The motion by way of amendment is clearly intended to assert the proposition that under adequate plans for conservation and supervision we believe we should rely on the enterprise and energy of free men and women in building up the various activities of this country.

There is one other point I wish to touch, and it was raised by the hon. member for Peace River (Mr. Low). He raised the question whether this motion which I have moved by way of an amendment in any way interfered with the plans for leasing the property now leased in different parts of this country, as distinguished from outright grants. I want to leave no doubt that I am not putting forward any proposition that any plans or any policy for the development of our resources should at any time be permitted to infringe upon the jurisdiction of the provincial governments over the resources that have been placed under their control.

Some of those resources are leased in different parts of the country. Others have been granted for development. I think it is quite clear that the dominion government and the parliament of Canada must not interfere with the rights of the provincial governments and the provincial legislatures to determine how they will deal with their own resources. For that reason I would point out to the hon. member for Peace River that I naturally am not only supporting but emphasizing that the plans worked out in any province for the handling of their resources must be respected and preserved.

I can only once more point out what I said in my earlier remarks, that I had hoped the proposal put forward would be regarded as a constructive proposal, and that it need not be looked upon as criticism of what has happened in the past under this or any other government. We have entered a period where there is going to be a tremendous demand on our resources because of the unusual world demand. That demand is going to be enormously increased, as was pointed out by the hon. member for York West (Mr. Adamson), who placed before this house figures showing that in the comparatively near future there is going to be such a serious deficiency of raw materials in the United States that pressures are going to mount to a still greater level for the supply of raw materials from Canada.

We wish to co-operate with our friends and neighbours in every way, but I repeat what I said at the outset. In presenting this motion I believe the first concern of the government of Canada and the parliament of Canada should be the welfare of the people of Canada. I believe, therefore, that there should be a clearly stated policy that while we are prepared to export our resources under arrangements that will meet proper demands in keeping with the resources we possess, at the same time we should make sure that in every way possible those resources will be processed and manufactured to a very high level so that wages can be paid to Canadian workmen and so that employment may be expanded and increased throughout the whole of this country.

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

YEAS

Messrs:

Argue	Knight
Beyerstein	Knowles
Blackmore	Low
Bryce	Quelch
Coldwell	Stewart (Winnipeg North)
Fair	Thatcher
Gillis	Wright
Herridge	Wylie—17.
Jones	

NAYS

Messrs:

Abbott	Catherwood
Adamson	Charlton
Anderson	Chevrier
Ashbourne	Churchill
Aylesworth	Corry
Balcom	Croll
Bater	Decore
Beaudoin	Dewar
Benidickson	Dickey
Bennett	Dinsdale
Black (Chateauguay-Huntingdon-Laprairie)	Drew
Black (Cumberland)	Dube
Blanchette	Dumas
Blue	Eyre
Boucher	Fairclough, Mrs.
Bradette	Ferrie
Bradley	Fleming
Brisson	Fournier (Hull)
Brooks	Fulford
Brown (Essex West)	Fulton
Browne (St. John's West)	Gagnon
Bruneau	Gardiner
Byrne	Garland
Campney	Garson
Carroll	Gauthier (Lake St. John)
Carter	Gauthier (Lapointe)
	Gauthier (Portneuf)

Gauthier (Sudbury)	McIvor
George	McLure
Gibson	McWilliam
Goode	Major
Gour (Russell)	Mayhew
Graydon	Montgomery
Green	Mott
Harkness	Murray (Cariboo)
Harris (Grey-Bruce)	Murray (Oxford)
Harrison	Nowlan
Healy	Pearkes
Helme	Pearson
Henderson	Picard
Henry	Proudfoot
Hetland	Prudham
Hosking	Richard (Ottawa East)
Howe	Riley
Huffman	Robichaud
Jutras	Ross (Souris)
Kirk (Antigonish-Guysborough)	Rousseau
	Rowe
Kirk (Digby-Yarmouth)	St. Laurent
Lafontaine	Sinclair
Laing	Sinnott
Lapointe	Smith (Moose Mountain)
Larson	Smith (York North)
Leduc	Stick
Lefrançois	Stuart (Charlotte)
Leger	Studer
Lennard	Tustin
Macdonald (Edmonton East)	Valois
	Ward
MacKenzie	Weaver
MacLean (Cape Breton North and Victoria)	Weir
	Welbourn
MacNaught	White (Middlesex East)
Macnaughton	Whiteside
McCann	Whitman
McCubbin	Winkler
McCulloch	Winters
McCusker	Wood—132.

Mr. Johnston: I was paired with the hon. member for Halton (Mr. Cleaver). Had I voted I would have voted for the subamendment.

Mr. Speaker: The question is on the amendment. Is the house ready for the question?

Some hon. Members: Question.

Mr. Speaker: Does the amendment carry?

Mr. Drew: Carried.

Some hon. Members: No.

Mr. Speaker: Those in favour of the amendment will please say "yea".

Some hon. Members: Yea.

Mr. Speaker: Those opposed will say "nay".

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

Some hon. Members: Question.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Speaker: Is it necessary to ring the bell again?

Some hon. Members: No.

Mr. Speaker: Shall I put the question now?

Some hon. Members: Now.

Mr. Speaker: I read the question a moment ago. Is it necessary to read it again?

Some hon. Members: Dispense.

Mr. Knowles: By leave.

Mr. Speaker: Shall I dispense with reading the question?

Some hon. Members: Dispense.

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

YEAS

Messrs:

Adamson	Graydon
Aylesworth	Green
Beyerstein	Harkness
Black (Cumberland)	Lennard
Blackmore	Low
Brooks	McLure
Browne (St. John's West)	Montgomery
Catherwood	Nowlan
Charlton	Pearkes
Churchill	Quelch
Dinsdale	Robichaud
Drew	Ross (Souris)
Fair	Rowe
Fairclough, Mrs.	Tustin
Fleming	White (Middlesex East)
Fulton	Wylie—32.

NAYS

Messrs:

Abbott	Gardiner
Anderson	Garland
Argue	Garson
Ashbourne	Gauthier (Lake St. John)
Balcom	Gauthier (Lapointe)
Bater	Gauthier (Portneuf)
Beaudoin	Gauthier (Sudbury)
Benidickson	George
Bennett	Gibson
Blanchette	Gillis
Blue	Goode
Boucher	Gour (Russell)
Bradette	Harris (Grey-Bruce)
Bradley	Harrison
Brisson	Healy
Brown (Essex West)	Helme
Bruneau	Henderson
Bryce	Henry
Byrne	Herridge
Campney	Hetland
Carroll	Hosking
Carter	Howe
Chevrier	Huffman
Coldwell	Jones
Corry	Jutras
Croll	Kirk (Antigonish-Guysborough)
Decore	
Dewar	Kirk (Digby-Yarmouth)
Dickey	Knight
Dube	Knowles
Dumas	Lafontaine
Eyre	Laing
Ferrie	Lapointe
Fournier (Hull)	Larson
Fulford	Leduc
Gagnon	Lefrançois

Leger	Richard (Ottawa East)
Macdonald (Edmonton East)	Riley
MacKenzie	Rousseau
MacLean (Cape Breton North and Victoria)	St. Laurent
MacNaught	Sinclair
Macnaughton	Sinnott
McCann	Smith (Moose Moutain)
McCubbin	Smith (York North)
McCulloch	Stewart (Winnipeg North)
McCusker	Stick
McIvor	Stuart (Charlotte)
McWilliam	Studer
Major	Thatcher
Mayhew	Valois
Mott	Ward
Murray (Cariboo)	Weaver
Murray (Oxford)	Welbourn
Pearson	Whiteside
Picard	Whitman
Proudfoot	Winkler
Prudham	Winters
	Wood
	Wright—115.

Mr. Black (Chateauguay - Huntingdon - Laprairie): Mr. Speaker, I was paired. Had I voted, I would have voted against the amendment.

Mr. Johnston: I was paired with the hon. member for Halton (Mr. Cleaver). Had I voted I would have voted for the amendment.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

DEPARTMENT OF FINANCE

116. Departmental administration (including the former administration of the Farmers' Creditors Arrangement Act, 1943, and the administration of the Municipal Grants Act, and the custody of paid cheques formerly administered by the auditor general's office, $1,643,396.

Item stands.

LEGISLATION

The Speaker of the Senate—

208. Allowance in lieu of residence, $3,000.

Item stands.

Progress reported.

NORTHWEST TERRITORIES ACT

AMENDMENT TO REVISE AND CONSOLIDATE, ETC.

Hon. Robert H. Winters (Minister of Resources and Development) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend, revise and consolidate the Northwest Territories Act and inter alia to provide for an increase in the allowance for living expenses of the members of the council when the council is in session; to provide also for the payment of all territorial revenues into the consolidated revenue fund and for the establishment therein of an account to be known as the Northwest Territories revenue account to which shall be credited (a) amounts equal to the territorial revenues paid from time to time into the consolidated revenue fund pursuant to subsection one; (b) all moneys appropriated by parliament to be credited to the Northwest Territories revenue account; and (c) an amount equal to the amount standing to the credit, at the commencement of this act, of the account then known as the Northwest Territories revenue account; to provide also for the payment, out of the consolidated revenue fund, of money required for the territorial purposes specified in the ordinances of the commissioner in council, all such payments to be charged to the Northwest Territories revenue account; to provide also for the establishment of a territorial court of the Northwest Territories and for the appointment in certain cases of deputy judges thereto; and to provide also that the governor in council may appoint police magistrates in and for the territories and may fix their salaries and allowances; and to provide further that the governor in council may appoint the clerk of the court, sheriff and such other officers as are deemed necessary and fix their salaries and allowances.

Mr. Black (Cumberland): This is rather important legislation to place before the house at this stage. I think we should have a detailed explanation from the Minister of Resources and Development, setting out the justification for it.

Mr. St. Laurent: Mr. Speaker, I have already submitted the argument we had to make on motions of this kind that it would not be proper for the minister proposing such a resolution to deal with the merits of it. There was considerable discussion at that time; but the hon. member for Vancouver-Quadra (Mr. Green) suggested he would like to have some time to consider the objection. It was agreed that another opportunity would be provided; and I think this might be the convenient time to have the argument completed, and then to have Your Honour's opinion on the point raised.

Mr. Green: Mr. Speaker, in the first place may I point out to Your Honour that, should the contention of the Prime Minister be accepted, the result would be to do away with one occasion for debate. I submit that cannot be contradicted. That very fact, in itself, is one good reason why there should be a very clear case for changing the practice of the house by way of a ruling from Your Honour on this point.

It has been admitted by the Prime Minister that this motion is debatable; but he seeks to cut down the debate to such an extent that, in effect, should his contention be accepted, it would not be debatable. I propose to go into the question of the extent to which the motion should be debatable. Also there is one other key fact that should be considered by Your Honour, and that is that there can be a vote on this motion. The Prime Minister (Mr. St. Laurent) nods his head, and I do not think it can be questioned that there can be a vote on this motion. The extent to which the motion can be debated was dealt with very fully by Hon. Mr. Glen in 1942 when he

was Speaker. After reviewing the whole question carefully, the Speaker is reported on page 800 of *Hansard* of February 23, 1942 as follows:

> The debate, therefore, must be directed to the negative of that motion, that the resolution should not be submitted to the committee of the whole, for, as I have pointed out, no amendment at this stage can be in order.

He did not stop there. I want to point out to Your Honour that in the remarks you made the other day you dealt almost entirely with that one paragraph of the ruling made by the Speaker, whereas in effect that paragraph is only introductory to his real ruling. Stress should be placed on the next paragraph, which reads:

> In my judgment the debate should be general, with no reference to details, all of which can be discussed in committee, and on the bill which follows the resolution.

Those are the key words of the ruling by Hon. Mr. Glen. I do not know how he could give a wider ruling than to use the words, "in my judgment the debate should be general." I submit that those are the words which should be followed by Your Honour.

My second key fact is that there can be a vote on this motion. I thought the Prime Minister (Mr. St. Laurent) became a little confused when he dealt with that the other day.

Mr. Stuart (Charlotte): He never gets confused.

Mr. Green: To you he would not be confused, no matter what he said. I realize that the last words of standing order 60 are as follows:

> —and then it shall be referred to a committee of the whole house, before any resolution or vote of the house do pass thereupon.

The Prime Minister seemed to think that the word "vote" meant that there can be no vote by the house because he said, as reported on page 2372 of *Hansard* of May 20, 1952:

> There cannot at this stage or until the committee has considered the resolution be any vote of the house upon its substance.

Hon. Mr. Glen dealt with that very point in his ruling in 1942 when he said, as reported on page 799 of *Hansard* of that year:

> I would direct the attention of the house to the word "vote" in the last line.

He was referring to the word "vote" in the last line of standing order 60.

> That means a vote of a sum of money, and is used as in the first column of the estimates now before the house.

In other words, it means an appropriation vote, not the ordinary vote which takes place in the house on a motion. In order to vote we are surely entitled to know what the resolution means. Does the Prime Minister suggest that there should be a blind vote without any discussion of the resolution? I admit that there are occasional blind votes in this house on the other side, but I do not think anybody would seriously contend that where there is a vote of the house, where members are asked to express their opinion for or against, there should not be the right to have a question discussed.

Take this very resolution with which we are dealing at the moment. It has to do with the Northwest Territories Act and is an involved resolution.

Mr. Fournier (Hull): That is not what we are dealing with; we are dealing with the motion that Mr. Speaker leave the chair.

Mr. Green: The minister can make his argument later if he wishes. We have before us this resolution concerning the Northwest Territories Act. Surely we are entitled to have a statement from the minister as to what that resolution means. Having had such a statement, then at least one member of the official opposition should have the right to state his views concerning the question, and the same is true of members of the C.C.F. and Social Credit parties. As Hon. Mr. Glen said, there can then be a general debate. As I pointed out, Hon. Mr. Glen said:

> In my judgment the debate should be general, with no reference to details.

From there on the debate is in the hands of the presiding officer and Your Honour would be within your rights in deciding just how far the discussion should go. But the Prime Minister is asking much more than that. In effect he is asking that there be no debate at this stage, and I submit that the ruling does not mean any such thing.

The Prime Minister pays very little attention to standing order 38, which is the one which says this motion is debatable. I do not think the Prime Minister even mentioned that standing order the other day. When this question was raised in 1942 Right Hon. Mr. Mackenzie King made a very careful argument. He weighed the whole question most carefully; it was not just a flash in the pan, something that was raised for just a minute or two. The right hon. gentleman went into great detail and it was after that—

Mr. Speaker: Did not Mr. Mackenzie King argue that the motion was not debatable?

Mr. Green: No; I say that in effect—

Mr. Knowles: Yes, he did.

Mr. Speaker: My recollection is that he said the motion was not debatable.

Mr. Green: Mr. King did argue that point, and at considerable length and with great

care. In spite of that argument Hon. Mr. Glen ruled against him, that the motion was debatable. You see, Your Honour this is a case where the government side and the opposition side look at things differently. I can well understand that the government are anxious to cut out all debate that can be cut out, and the opposition on the other hand—

Mr. Speaker: I think the hon. member should address himself to the extent to which the motion that the Speaker do leave the chair on a money resolution is debatable. I think it has been agreed by all hon. members that the motion is debatable. The only question which concerns me at the moment is the extent to which it is debatable.

Mr. Green: I submit that Your Honour cannot in fairness get away from the ruling made by Hon. Mr. Glen.

Mr. Speaker: Order. I intend to be fair. I do not think the hon. member's statement should go that far.

Mr. St. Laurent: The hon. member cannot speak without suggesting such implications.

An hon. Member: It is his nature.

An hon. Member: He is all twisted.

Mr. St. Laurent: If he can, he does not very often.

Mr. Green: I submit I am entitled to explain that from the opposition point of view this is one stage at which we get information which helps us eventually to debate the bill. Legislation is brought in by the government. They have the advice of numerous members of the civil service, and the opposition is always in the position of having to be more or less participating in a quiz contest. We have to find out what these proposals are all about and ordinarily, where a matter is at all complicated, it is of great value to us to have a statement by the minister concerned at this stage, and to have a brief debate. It helps us to fulfil our function of scrutinizing all legislation. It is a little different during the discussion of a bill because once a bill has been introduced and we are debating second reading we are then limited to the principle of the bill. On the resolutions preceding bills there can be a different approach. We can get the general picture of the background of the government's proposal. A debate at this stage is very important from our point of view.

The Prime Minister's own suggestion was that all that could be debated was whether it would be worth while to set up a committee of the house. He said, as recorded at page 2894 of *Hansard* for June 4:

> I said that there should not be any protracted debate unless there are members who think that the matter suggested is so futile that it is not worth while setting up a committee.

Surely even to decide whether or not it is worth while to set up a committee there must be a general debate such as was approved by Hon. Mr. Glen. For these reasons I would ask Your Honour to hold that there can be a general debate but that from there on it is in your hands as to how far the debate should go, and that can only be decided on each individual resolution. I do not think there is any way in which a rule can be laid down saying that we stop here or we stop there. Discretion should be left in the hands of the presiding officer.

Mr. Knowles: Mr. Speaker, like the Prime Minister I expressed myself with regard to this same point of order the last time it was raised, namely on the 4th of June. Therefore I shall not take too many minutes now—and even that is with Your Honour's permission—because I think that as between the Prime Minister and myself, and as between Your Honour and myself, if I may put it that way, we have narrowed the question considerably. When this matter was being discussed before Your Honour said there was no doubt in your mind but that the motion was debatable. In that statement you were re-echoing the view expressed by Mr. Speaker Glen on February 23, 1942, when he said that this motion is clearly debatable. I am not so sure that that was implied in the first objection the Prime Minister raised to debate at this time, but certainly in later discussion on it the Prime Minister took that position as well, namely that there was no doubt but that the motion is debatable.

The question Your Honour feels you must decide is the same question that puzzled Mr. Glen in 1942, namely the extent of the debate. In 1942 Mr. Speaker Glen suggested that the extent of the debate might be narrowed by the use of that phrase which he coined, namely that the debate should be directed to the negative of the question. I submit that that way of putting it creates quite a difficulty. What would be the situation in the house if after this motion is put six, eight or ten members of the opposition side were to get up and speak to the negative of the question and oppose the motion for the Speaker to leave the chair for the house to go into committee of the whole on a certain resolution? Would Your Honour then deny to members on the government side the right to speak to the affirmative of the question? With all due respect to that aspect of the ruling Mr. Glen made in 1942, it seems to me that it is difficult to carry it out, for it implies a one-sided debate.

Mr. Speaker: Order. Is it not a one-sided debate under our present practice? It is customary now for the minister to make a statement. After he makes his statement other members rise and express their views on the resolution. They ask questions with regard to the resolution. The minister has no opportunity to answer them. The minister has the right to speak once. He makes his statement and then he hears objections. The minister has no opportunity to answer objections, and under our present practice it is my opinion that the house cannot vote intelligently on the motion.

Mr. Knowles: On the point you have just raised may I suggest that, although you are correct in saying that the minister does not have the right to reply on this type of motion, other ministers or other members on the government side have the right to get into the debate and take part in it on the same side for which the minister spoke. May I also point out that in some of these debates the minister concerned may speak in support of the motion and those on the opposition side may also speak in support of it. Sometimes those in the opposition are more in favour of a government motion than those on the government side. In fact they may want something more than is in the motion.

All I am suggesting is that our position should be either that debate is allowed or is not allowed. If it is allowed then it should be open to members to speak according to their views on the question, whether they are for or against whatever is before the house. I would support Your Honour wholly in ruling that the debate must be relevant to the subject matter of the resolution on which we are to go into committee, but I do see considerable difficulty in a strict application of that phrase in Mr. Glen's ruling of February 23, 1942, when he said that the debate therefore must be directed to the negative of the motion. The hon. member for Vancouver-Quadra (Mr. Green) has pointed out, as you yourself said when the matter was discussed before, and it has been made clear by Mr. Glen and by all others who have studied the matter, that the question is debatable.

The only point at issue is as to the extent of the debate. My view is that Your Honour should not feel yourself bound by that phrase Mr. Glen used, namely speaking to the negative, but that Your Honour should take the view Your Honour took the last time, that the motion is debatable. You might also take the view that you are going to insist on debate being relevant to the question on which it is proposed that we go into committee of the whole. I for one will certainly support Your Honour in insisting on the law of relevancy being applied. I would think it would be within that framework that you would resolve the problem you gave to us the other day as to the extent of debate which should be allowed.

As members know, Mr. Speaker, there is a good deal more that I could say, but there is no point in repeating what I said the other day. I will just add this. The Prime Minister (Mr. St. Laurent) said on June 4 when speaking on this point of order that I surely was not serious in feeling unhappy about the fact that a ruling was being sought on this point at this juncture when the whole question of whether or not we should have debate at this stage is still under discussion by a special committee of this house on procedure. It may be that I did not make my position clear, but in what I said to the Prime Minister and to Your Honour I was quite serious. I feel that way in view of the fact that ever since Mr. Speaker Glen's ruling of ten years ago we have continued to have debate at this stage; in view of the fact the right to have that debate has been taken for granted; and in view of the fact that three committees have considered whether or not it should be abolished.

To me therefore it would be unfortunate if a situation were to develop in which that right might be taken away by a ruling made while the whole question is still being considered. I am quite satisfied that is one of the problems that will undoubtedly concern Your Honour in dealing with this; and Your Honour certainly will be of the view that the committee will still be in a position to consider whether or not we should have the debate at this stage.

I have already indicated that I would support Your Honour in applying the law of relevancy, but I would hope any ruling that would make any drastic change in procedure at this stage would not be given until the committee on procedure has had more time to deal with this important question.

Mr. Drew: I think there is one aspect of this discussion which may seem somewhat technical but which it seems to me should not be regarded in making a ruling in relation to the point which has been raised by the Prime Minister. Mr. Speaker Glen made a ruling which in effect said that after the introduction of the matter by the minister who presents the motion there could be a debate, but that the debate must simply be from the negative point of view.

I do not think we are splitting hairs in a matter of this kind by pointing out that if a discussion is to be from only one point

of view it is not a debate at all. Without going into dictionary definitions too much, it seems to me quite clear from the Oxford dictionary definition of the word "debate" that the word implies the expression of at least two different points of view. Anything less than that is not a debate at all.

No matter what ruling Mr. Speaker Glen made, I would suggest, Mr. Speaker, that if we are to accept that ruling and continue to follow the direction that there must be only comments from the negative point of view, then you are placed in a very difficult position because it will be very hard for you to determine in some cases until the closing remarks whether the discussion is from the negative or positive point of view. An analysis of the subject matter before the house would be presented by a member, and unless Your Honour attempted to impose a condition at the very outset that a member must state what his ultimate remarks were going to be, then you would be in a position in many cases where you could not say whether it was negative or positive.

I am pointing these things out because I suggest a strict interpretation of that ruling presents a number of difficulties. Your Honour has left the impression, I think, that you have already come to the conclusion that a debate of some kind is permitted.

Mr. Speaker: That has been agreed by all hon. members who have spoken.

Mr. Drew: If that is the case then I simply emphasize the fact, and from no hair-splitting point of view, that if we are to accept the proposition that there is to be a debate, we then accept the proposition that two different points of view at least can be expressed. If two different points of view at least are to be expressed, then it seems to me once a motion is introduced there should be freedom of discussion as to whether the motion can proceed.

I submit that there is another point in this matter which deserves consideration. This is a motion to go into committee in regard to a certain resolution. We need not consider the resolution now before us because the discussion relates to any resolution of this nature. Conceivably there might be very strong reasons in the minds of many of the members, conceivably the majority of members, why we should not go into committee. If there is to be a statement by the minister and then if there is to be anything in the nature of a debate at all, surely the pros and cons as to why we should go into committee can be expressed in the ordinary way. I submit that anything else is not consistent with the general practice that once a motion becomes debatable it can be debated.

Mr. Speaker: Would you not think it better if the cons were discussed first and then the pros? Those opposed to the motion would give reasons why they were opposed to it or why they think they should have further information, and then the minister could reply and give an explanation why he thinks we should go into committee. As I pointed out, at the present time we have the reverse method. The minister expresses his view and then those opposed express their views and the minister has no right of reply.

Mr. Drew: Mr. Speaker, I submit the minister is in a position to state reasons why we should go into committee. Then it would seem that others should be in a position to explain why we should not go into committee. I do suggest that there are perhaps reasons in this house why it should be possible for members to express opinions on both sides; because we have not yet reached the point, and it does not seem that we are likely to reach the point, where all those who are in opposition follow a uniform course in regard to expression on matters that come before this house.

Some hon. Members: Hear, hear.

Mr. Drew: That being so it would seem we do create a double difficulty if the minister must present one point of view and then everybody else must simply confine themselves to negative comments.

I do not want to extend my remarks beyond saying that I think you are going to create great difficulties of interpretation for yourself, Mr. Speaker, as well as creating a debate that is not a debate at all.

Mr. Graydon: May I say a word on this matter, Mr. Speaker. I expressed my position before, but I should like to make this observation. If Your Honour gives a ruling that the debate is to be strait-jacketed, we are going to have wholesale confusion with respect to this part of the debate on the resolution upon which a bill will be founded. The confusion will arise from Your Honour attempting in some way to regulate the debate on grounds other than relevancy. Your Honour has never had to do that, to my knowledge, with respect to any debate in the House of Commons. So long as the speeches are relevant and are kept within the proper time and do not offend the rules of the house generally, the debate is allowed to continue.

If this change is allowed to operate as a rule, then we are going to have tedious and time-consuming arguments over what the Speaker thinks is the proper progress of the debate. The confusion in British Columbia would be small compared with the confusion

there would be in every debate with respect to the launching of a motion such as this.

Mr. Knowles: Where are you in that confusion?

Mr. Sinclair: They were last out there, and they are last here.

Mr. Graydon: The simpler we make the rules and the practice of this house, the more speedily will our legislation go through. If we attempt to surround the conduct of this first debate on the resolution with a network of rules, then the resolution will take two or three times as long to go through as it does now. I think we ought to be moving towards greater simplification of the rules of procedure, rather than towards complication. If this change is made, in my opinion it will definitely be a retrograde step so far as our debates are concerned.

Mr. St. Laurent: My submission is that there is no request from anyone or any intention anywhere to ask you to make a change in these rules, Mr. Speaker. This rule 60 has only to be read to make it clear that there is not to be a debate on the merits of the resolutions for the introduction of money bills until the house is in committee. It is not something new. It is not something that was invented here in Canada. It is something that was taken verbatim from the rules of the British house passed on March 20, 1866. The language is exactly the same. Rule 60 reads:

> If any motion be made in the house for any public aid or charge upon the people, the consideration and debate thereof may not be presently entered upon, but shall be adjourned till such further day as the house thinks fit to appoint; and then it—
>
> That is to say, the debate thereon.
>
> —shall be referred to a committee of the whole house, before any resolution or vote of the house do pass thereupon.

That is the old rule, and I do not see how there can be any anxiety over the fact that there are not going to be two debates, one following immediately upon the other, on the merits of the resolution. A debate must not take place on the day it is first mentioned in the house, but a day must be appointed and on that day the consideration and debate are referred to the committee of the whole for discussion and decision.

The hon. member for Vancouver-Quadra (Mr. Green) says that in Mr. Speaker Glen's decision the word "vote" was taken to mean the same thing as the word "vote" in the first column of the estimates. Well, that cannot apply to a resolution; it is a resolution or vote, and what the ruling requires to be referred to the committee is the consideration and debate. Now here the motion is that the Speaker do leave the chair so the committee can consider and debate the merits of the resolution. The language used by Mr. Glen may have appeared to be rather new when it was first used, that the debate should be addressed to the negative point of view. I take it that merely means that there is no case required for the affirmative that the Speaker leave the chair, but that if there are objections on the negative side to his leaving the chair for the house to consider and debate in committee, then the objections from the negative side can be raised and met. The practice has grown up however that there should be a full dress debate on the merits of the resolution with the Speaker in the chair, and then start it all over again as soon as the Speaker leaves the chair and the house goes into committee.

Mr. Knowles: The Prime Minister admits that has been the practice.

Mr. St. Laurent: That has been the developing practice, even since Mr. Speaker Glen's decision of 1942; but I think the terms of the standing order and the language used by Mr. Speaker Glen clearly indicate that the debate on the merits is one to be had when the house is in committee. There can, however, be a debate and a vote on the proposal that is now before the Speaker, that he do leave the chair.

Mr. Drew: With your consent, Mr. Speaker, in view of the importance of this point, may I add a few comments. There is no question about the fact that the rule we are discussing is precisely the same rule which has been in force for some years at Westminster. As I understand it, at Westminster there is no debate on the motion.

Mr. St. Laurent: The rule has been changed since. I think they have done away with this rule which was copied into our standing orders when they were first drafted.

Mr. Knowles: Is it not true that our rule 60 is qualified by our rule 38, as Mr. Speaker Glen pointed out in the ruling he made in 1942?

Mr. St. Laurent: My submission is that rule 60 is not qualified, but that the motion that the Speaker leave the chair is a debatable motion.

Mr. Drew: I had not completed my comments, although I welcome the comment by the Prime Minister (Mr. St. Laurent) that the rule has been changed. Up to the point when it was changed, the practice was quite clear that a debate was not permitted. The practice has grown up here that a debate should be permitted, and Mr. Speaker Glen in making the ruling he did decided that there could

be what he described as a debate, but that the arguments put forward following the original submission by the minister should be to the negative.

Let us see what happens under circumstances of that kind. The minister is in a position to make an extended statement, and frequently that has been the occasion when he has accepted the opportunity to make a statement concerning the legislation he proposes to introduce. As I understand the argument that is being put forward, we are likely to find ourselves in a position where we do not know whether a statement is to be made then or at some later time. If on the other hand the statement is made by the minister, as the practice has been, and if Your Honour is to follow the ruling of Mr. Speaker Glen, that would continue to be a choice on the part of the minister, then we would have the extended statement prepared by the minister, handed to the press, and we would find ourselves conducting something that was not a debate at all and in which Your Honour would be constantly seeking to interpret what the members were trying to put forward. I submit we would get into a very confusing situation.

I think probably we would all be much happier if we followed the original practice in Westminster and there were no submission by the minister if there were to be no real debate. On the other hand if there is to be a submission on one side, then I submit that the debate should be a real one in which argument could be put forward by either side so that when it is tested by a vote, if that test is to come, it can be then based upon an exchange of ideas.

Mr. Green: If I may, I should like to make one further representation, Your Honour. I think you cannot compare the practice in the British House of Commons with the practice here. They have what is called rule 17 (1) which is found at page 17 of May's fifteenth edition, 1950, which reads as follows:

> Whenever an order of the day is read for the house to resolve itself into a committee other than a committee on a bill, Mr. Speaker shall leave the chair without putting any question, and the house shall thereupon resolve itself into such committee, unless on a day on which the committee of supply stands as the first order of the day a minister of the crown moves, "That Mr. Speaker do now leave the chair," for the purpose of enabling a motion on going into committee of supply to be moved as an amendment to that question.

And at page 748 of May that ruling is interpreted as follows:

> In the case of committees of the whole house appointed in reply to a message under the Sign Manual, or on the recommendation of the crown, or to consider resolutions to which the recommendation of the crown is signified under S.O. No. 84, the Speaker leaves the chair without question put. (S.O. No. 17-(1).)

Mr. Glen dealt with that matter, and I am now reading from page 800 of *Hansard* of 1942. He said:

> The resolution is on the order of proceedings for the day. I would point out that standing order 60 was passed in 1867, while standing order 38 was passed on March 22, 1927. In other words, standing order 38 is remedial to standing order 60, and I must conclude that standing order 38 must rule, and decide that the resolution before the house is debatable.

Mr. Speaker: This is an exceedingly important matter. I thank hon. members for having discussed it so fully. I think I should reread the discussion that took place on this subject about a week ago and should also read carefully what was said today. Probably it might meet with the wishes of hon. members if I reserved my ruling until some later time.

Some hon. Members: Agreed.

Mr. Speaker: I will go into the matter and give my ruling as soon as possible.

Mr. St. Laurent: It is my understanding, Mr. Speaker, that the discussion of the point of order is now complete and that you have reserved your decision on the completed discussion.

Mr. Speaker: Yes. That is how I feel about it. I think there has been full discussion on this matter; and I will base my decision not only on the discussion which has taken place tonight but also on that which took place about a week ago.

Mr. Black (Cumberland): Pending the change in the established rule, will the minister make his statement now?

Mr. St. Laurent: Mr. Speaker, we have given way on this subject two or three times. Would it not be well now if the minister could be allowed to make his statement in committee, and the questions could be put there? I do not know that it makes a great deal of difference.

Some hon. Members: Agreed.

Mr. Green: Mr. Speaker, the government have not given way on anything. They are trying to do away with that rule. We have had no concession from them. As a matter of fact they are trying to take something away from us, we believe. I suggest the minister could make his statement now. He has it there all ready to give.

Mr. Drew: And is probably anxious to give it.

Mr. Speaker: If there is no further discussion I will put the motion. The motion is that I should leave the chair for the house to—

Mr. Black (Cumberland): Mr. Speaker, I asked for a statement from the minister. He can either make it now or later; but I think it would be to the advantage of hon. members that they have his statement. Then they will know how to deal with it. Perhaps there will be no objection to it at all at the next stage.

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, I am sure the statement I make will not be objectionable. I can assure you and the leader of the opposition (Mr. Drew) that he could not have been forecasting my statement about this resolution because I can say that my statement is neither long nor has it been given to the press. Mr. Speaker, you have heard the views of the government with respect to the appropriate time for me to make my statement. I will say that although I should be glad to make the statement, I would prefer to do it after the house goes into committee of the whole to consider the resolution.

Some hon. Members: Agreed.

Mr. Drew: Mr. Speaker, are we not likely to get into an extended argument in which you would not rule against us, even if you made the ruling that the Prime Minister submits you should make? We probably would be arguing from the negative as to why we should not be proceeding at all, and that is exactly the sort of difficulty we might get into. If the minister is satisfied that this statement is not one that would raise any controversy—and it is quite likely that it is not—I think probably we would avoid unnecessary argument at this stage if he would proceed with it. He might be surprised to find that everyone was in immediate agreement with him.

Mr. Fournier (Hull): The minister has spoken once on this motion.

Some hon. Members: Oh, oh.

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

Some hon. Members: Carried.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

Mr. Winters: Mr. Chairman, the continued growth of Canada's north was the underlying reason why the government, during the first session last year, asked parliament to pass a number of amendments to the Northwest Territories Act to bring it more into line with present-day conditions. The principal amendment at that time was one empowering the citizens of the Northwest Territories to elect three members to the Northwest Territories council, whose total membership is eight. Since that time a careful study has been made of the apportionment of responsibilities between the federal government and the territorial government. It is now proposed to transfer additional revenues to the territorial government and to place upon it additional responsibilities more in keeping with its new status.

It is proposed to confer upon the commissioner in council of the territories legislative jurisdiction in several matters which are now not assigned to it; to provide for the establishment of a territorial revenue account; to re-establish the territorial court to facilitate the administration of justice.

In one of the amendments last year provision was made to pay to each elected member of the council the actual travelling expenses incurred by him in travelling from his place of residence to the place where the council holds its session, and return; and also an allowance for living expenses not exceeding $15 for each day during which the council is in session. For a variety of reasons the amount established to cover living expenses is not considered to be adequate, and it is proposed to increase it. It is proposed also to make a number of other minor changes to the act.

The proposed legislation will be in the form of a consolidation of the present act of 1927 and the four amending acts passed in 1938, 1940, 1948, and 1951.

Mr. Black (Cumberland): Did I understand from the minister that the first legislation having to do with the Northwest Territories was passed in 1927? I understand that the Northwest Territories were taken over by Canada long before that date, and I presume legislation would be enacted to enable the government of the territories at that time. Perhaps the minister can tell the committee just when the Northwest Territories were taken over. When that was done the maritime provinces were instrumental in passing the legislation, and were partially responsible for the taxation appropriations enabling the administration of the territories. Those of us from the maritime provinces made our contribution. Our elder statesmen had great vision, and we know that Sir Charles Tupper, Sir Leonard Tilley and many others made their contributions.

I am interested to learn from the minister when the first legislation was passed by this

parliament exercising authority over the Northwest Territories. I am sure it was before 1927.

Mr. Winters: What I am saying is that the present act covering the administration of the Northwest Territories was passed in 1927. I have not the date of the original legislation under which, up to that time, the territories had been governed. However, since this measure is only in the resolution stage, I shall be glad to give the hon. member the information when we have the bill before us.

Mr. Green: The resolution points out that there is to be an increase in the allowance for living expenses of members of the council, when the council is in session. Where does it meet, and who are the members? What living allowances do they now receive, and what is the amount of the proposed increase?

Mr. Winters: Under the provisions of the act the council must meet at least twice a year, and there is a further provision that at least one of those meetings shall be at some point to be designated in the Northwest Territories. The first meeting was held last December at Yellowknife; the second will commence on July 2 in Ottawa. It is intended to have one meeting each year in Ottawa and one meeting at some point to be designated in the Northwest Territories. We propose to rotate the place of meeting in the Northwest Territories, so that members of the council will have the opportunity of becoming as familiar as possible with various centres in the Northwest Territories.

The present level of expense allowances is not to exceed $15 a day. While that seems to be generally adequate when the council meets in the Northwest Territories, it is considered that because the sittings are so short requiring people to leave their occupations for two or three days to come to Ottawa, where hotel expenses are high and where certain other costs are considerably higher than would be encountered in the Northwest Territories, the amount should be raised.

While the bill is not before the house, I think I can tell the hon. member that we contemplate an increase in the maximum of expense allowances to $25 a day instead of the present $15.

Mr. Green: At what points in the Northwest Territories, in addition to Yellowknife, will the commission meet?

Mr. Winters: The commission will decide that itself. I think it is reasonable to assume, however, that, in addition to meeting at Yellowknife, it will meet occasionally at Hay River, and perhaps at Norman Wells. It might meet at Aklavik, as well as at Port Radium and Fort Smith. Those are the most likely places.

Mr. Green: What are the names of the members of the commission?

Mr. Winters: The commissioner of the Northwest Territories is Major General H. A. Young, who is also deputy minister of the Department of Resources and Development. The deputy commissioner is Colonel F. J. G. Cunningham, also employed in the Department of Resources and Development. I am not sure that I can recall the names of all the members of the council. One is Commander L. C. Audette, who is a member of the Canadian maritime commission. Then, there is Commissioner L. H. Nicholson, of the Royal Canadian Mounted Police. The other names are: Major D. M. MacKay, director of Indian affairs, Department of Citizenship and Immigration; and Air Commodore W. I. Clements, R.C.A.F. Then the names of the three elected members of the council are Mr. Mervyn Arthur Hardie, Mr. James Brodie, and Mr. Frank Carmichael.

Mr. Green: They are all from the Northwest Territories?

Mr. Winters: Yes, they are all from the Northwest Territories, and were elected last year.

Mr. Green: I notice in the last part of the resolution there is provision for the establishment of a territorial court in the Northwest Territories, and for the appointment in certain cases of deputy judges. Furthermore there is provision for the appointment of police magistrates. What is the present procedure, and what does the change signify?

Mr. Winters: At present the administration of justice in the Northwest Territories is carried out by stipendiary magistrates and justices of the peace. This proposal would enable a judge now having jurisdiction in the Yukon Territory to extend his jurisdiction to include the Northwest Territories.

Mr. Green: Does this mean that the judge from Whitehorse which, I believe, is the seat of justice in the Yukon, would have to fly over to Yellowknife or to some other point in the Northwest Territories to conduct trials?

Mr. Winters: That is basically right, yes. His seat of residence is now at Whitehorse in the Yukon, and his territory will now include the Northwest Territories.

Mr. Green: Why is this done? We are just putting through a change in the redistribution act to give the Yukon and the Northwest Territories separate members. I should think it would be much wiser to have separate judges, one in the Yukon and one in the

Northwest Territories. That arrangement would be more likely to meet the interests of justice, as well as those of the judge himself. He would be required, either by flying or by some other method, to go many thousands of miles. I do not see why we do not have a separate judge for the Northwest Territories.

Mr. Winters: Although the territory is large the population is not dense, and the load of work is not too heavy. I believe one judge could handle it adequately. However, in the event of his not being able to be in a certain place at a certain time, provision will be made for the appointment of a deputy judge. There are also other provisions in the act for concurrent jurisdiction which I believe will meet what the hon. member has in mind. Certainly he will have the opportunity to consider the matter thoroughly when the bill is before us.

Mr. Black (Cumberland): What are the present charges on the federal revenue for administering this territory? What will be the increased cost after the new legislation is enacted?

Mr. Winters: The total expenditures on administration of the Northwest Territories, for all purposes, is of the order of $10 million. This measure contemplates no increase in over-all expenditures. It is a realignment rather than an increase of revenues and expenditures.

Mr. Black (Cumberland): For what purposes is the major portion of the $10 million used? What revenues accrue to the dominion government through the control of this territory, and its administration under the act?

Mr. Winters: A typical breakdown is for the fiscal year 1948-49. I also have the subsequent year 1949-50, which shows total expenditures to be $7,963,000 broken up as follows:

Department	Expenditures
Agriculture	$ 19,828
Citizenship and immigration—Indian affairs	874,255
Fisheries	112,858
Labour	8,121
Mines and technical surveys	169,168
National defence	1,292,270
National health and welfare	474,064
Post office	335,914
Public works	324,595
Resources and development	2,068,440
Northwest Territories power commission	462,572
R.C.M.P.	459,770
Veterans affairs	18,536
Transport	1,342,988

Mr. Black (Cumberland): What revenue accrues to the federal government?

Mr. Winters: The revenue corresponding to that total figure of expenditure was $720,000.

Mr. Murray (Cariboo): Does the minister consider $25 a day as adequate compensation for these elected members?

Mr. Winters: That is just the living allowance. There is an indemnity in addition of $50 per day.

Mr. Murray (Cariboo): That is for the days of sitting of the council?

Mr. Winters: That is right.

Mr. Murray (Cariboo): I suggest that there should be an indemnity similar to that paid to members of the provincial legislature. These men devote a lot of time to this work and have great distances to travel. They have a lot of details to look after for the trappers, miners, Indians and others up in that part of the country.

I should like to ask the minister if consideration has been given to picking out some central point where a capital could be established for the Northwest Territories, probably at Fort Simpson.

Mr. Winters: The administrative headquarters are now at Fort Smith, which seems to be a pretty good point. This is the channel through which traffic flows into and out of the territories. The seat of government is at Ottawa, but Fort Smith provides a satisfactory administrative headquarters.

Mr. Murray (Cariboo): It would be typical of Canada to pick out Fort Smith because it is at the southern limits of the Northwest Territories, just as Victoria is out in the Pacific ocean at the southwestern limits of British Columbia. It all adds very much to the confusion of the situation. It is actually below the 49th parallel. I would suggest that a site be picked out in the centre of the Northwest Territories which would be convenient to all parts of the district. The government could be installed there with the view of having a province established later on in that part of Canada.

Mr. Green: Provision is made for appointing a clerk of the court and a sheriff. Will these people have to fly over from Whitehorse to the Northwest Territories?

Mr. Winters: I think not. I think they would be deputized at the place at which the court is to meet. I must say that I am not sure on these details at the moment and I think we shall have to work some of them out as we go along. I shall be glad to give my hon. friend more information in respect to that point when the bill is before the committee.

Mr. Black (Cumberland): Where are the records having to do with the administration kept at the present time, and where is it proposed to keep them? I would suppose that

it is most important that proper records be kept and be available to those responsible for the administration of the territory. If there is going to be a change in the assembly place from Whitehorse to Hay River or to these other places, what will be done with regard to the administrative records?

Mr. Winters: It is not proposed that the Northwest Territories council shall meet at any time at Whitehorse in the Yukon as mentioned by my hon. friend. When it meets at Yellowknife, Hay River, Norman Wells or any other place within the territories the records required for the meeting will go along with the people attending the meeting. The master records are kept here in Ottawa, although quite a large volume are retained at Fort Smith, with some at Yellowknife and other places for local administration.

Resolution reported, read the second time and concurred in.

Mr. Winters thereupon moved for leave to introduce Bill No. 337, respecting the Northwest Territories.

Motion agreed to and bill read the first time.

TREATY OF PEACE (JAPAN) ACT

PROVISIONS FOR CARRYING TREATY INTO EFFECT

Hon. L. B. Pearson (Secretary of State for External Affairs) moved that the house go into committee to consider Bill No. 210, to provide for carrying into effect the treaty of peace between Canada and Japan.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

On section 1—*Short title.*

Mr. Graydon: Mr. Chairman, I have no desire to delay the progress of the committee with respect to this measure. I rise only to indicate that not only was this bill which is to implement the treaty of peace between Canada and Japan studied by the standing committee on external affairs, but that committee also had before it the treaty itself, which was fully discussed.

The deliberations in the committee were centred around inquiries of various governmental representatives from the Department of External Affairs, the department of immigration, the Department of Trade and Commerce and others. Perhaps the main interest of the committee was in the questions of trade and immigration, as one might expect having in mind the character of the relationship between Canada and Japan in previous times.

The main contention which arose in the committee had to do with section 4 and this resulted in a vote on the question of whether or not the governor in council had been given too much power and parliament too little, if I may put it in those oversimplified terms. During the progress of this discussion I think the hon. member for Eglinton may have a word with respect to clause 4, because he was the member who took the initiative concerning this matter. With the exception of that feature I think the committee presented a somewhat unanimous front with respect to the treaty itself. While there were certain items in it which of course caused the committee some concern, as no doubt they cause the government a good deal of concern, nevertheless on balance the treaty was endorsed. In addition so was Bill No. 210, the issue having been decided against those who thought there should have been a change in clause 4. I do not think there is any point in my elaborating on the committee's work or in making any further observations.

Mr. Green: For quite a long time now there have been indications that once this treaty with Japan had been ratified an attempt would be made to bring about substantial immigration of Japanese to Canada. The lead in this direction has been taken by the national Japanese-Canadian citizens' association.

The Chairman: Order. Does the hon. member think we should go into this question?

Mr. Green: Pardon?

The Chairman: Does the hon. member think he is in order in wanting to go into the question of possible Japanese immigration?

Mr. Green: This very subject was one of the main questions considered by the committee on external affairs.

The Chairman: It may have been considered by the committee on external affairs, but as I understood the remarks of the hon. member for Peel the committee did not only discuss the bill. It discussed many other matters in connection with it. There was more latitude there. Perhaps the hon. member for Peel might clarify the situation.

Mr. Graydon: Yes. I can understand the position the chairman would normally take on a matter of this kind. I have no great objection to that; but as the minister and those who were members of the committee know, when the treaty was up for discussion in the house there was some question raised whether the treaty itself should go before the external affairs committee. It was generally agreed that was the course that should be followed. It was agreed that the treaty would go before the external affairs committee together with Bill No. 210, and that the bill would be the vehicle by

which it would come before the external affairs committee. It having been so agreed, I think it would be the unanimous opinion of those who were members of the standing committee that, the bill having been reported back to the house, it would be proper for discussion to take place here with respect to the Japanese treaty and anything connected with it. I would feel very badly if there were any ruling to the contrary, because I am quite certain that is the committee's desire.

The Chairman: I thank the hon. member for Peel for bringing these matters to my attention. I merely want to point out that I will have to ask hon. members for their co-operation because I do not have the treaty of peace with Japan before me. Members could speak about anything under the sun and say it was in the treaty and I would not know. It is quite unusual for the chairman to direct discussion when all he has before him is a bill with five clauses in it, with hon. members at the same time speaking on a treaty. I do not have the document before me.

Mr. Green: I raise this question because I think there is some danger that the treaty will again bring about difficulties in connection with Japanese immigration into Canada. I am not criticizing the peace treaty itself but this is one of the questions which may cause trouble in the future if the departments of government concerned are not aware of the difficulties which may arise and of the effort which is being made to bring about immigration of Japanese to Canada. I have here a clipping from the *New Canadian*, which is a publication of the national Japanese-Canadian citizens' association. In this particular article they are outlining the submissions which they made to a beet growers' association in southern Alberta. The article is dated February 23, 1952, and there are two paragraphs which are pertinent. The first reads as follows:

> The work of the national J.C.C.A. in submitting a brief last year to the Minister of Citizenship and Immigration Walter Harris on restrictions upon re-entry and immigration of persons of Japanese ancestry and a subsequent reply that the government would issue an official statement was mentioned in connection with the desire of the association for Japanese migrants to meet its need for labour.

The second reads as follows:

> The brief stated the belief that a new immigration policy would be the outcome of the ratification of the Japanese peace treaty by Canada at the coming parliamentary session. With the possibility of new immigration from Japan in the future and with the success of the national J.C.C.A. in effecting re-entry of certain cases of strandees, it was stated that the present and possibly future shortage of beet labour could be lessened by making possible the entry to Alberta of strandees and later on of new immigrants.

I believe the government should give very careful consideration to this problem, because we do not want it to grow and become a problem similar to the one we faced before the recent war. Some of the groups of Japanese whom this association is endeavouring to get back to Canada, and incidentally whom they refer to as "strandees", are young Japanese who were in Japan when the war broke out. At that time the Japanese had a recognized policy of registering the births of their children with the Japanese consul in Vancouver as well as registering them with the British Columbia governmental authorities. They were taking advantage of a dual citizenship. A great many of these young people were sent back to Japan for their education and for training of one kind and another. At the time the war broke out different investigations made by governmental commissions and other authorities showed that there were about 1,500 children in Japan at the outbreak of war whose families were registered in Canada.

I have here the first report on the removal of Japanese from protected areas, issued by the British Columbia security commission covering the period of the commission's activities from the 4th of March to the 31st of October, 1942. On page 29 we find the figure of 1,500 children in Japan. In many cases, or in some cases at least, these young people served in the Japanese forces during the war. I would regret, and I think it would be a mistake, if the Canadian government adopted a policy of allowing them to come to Canada now. If they can, then of course they will ask that their families come too, and the first thing we know there may be several thousand covered in the group, being the children who were in Japan when war broke out and now their families.

In 1945 provision was made by the government for Japanese in Canada to ask to be sent back to Japan if they so wished. About 4,000 were sent back as a result of that policy. Transportation was paid by the government; they were allowed to remove the value of their property and assets held in Canada; they were given minimum financial credits; and in needy cases there was government assistance. As I said, about 4,000 were sent back under that plan.

I have here a further report on the re-establishment of Japanese in Canada from 1944 to 1946 issued by the Department of Labour. At pages 14 and 15 we find a summary of that movement. Also at page 23 there is a copy of a statement made in the house on January 24, 1947, by the then prime minister, Right Hon. Mr. Mackenzie King, dealing with this repatriation. At that time it was provided

that any who chose to go back and who were naturalized Canadians forfeited their right to naturalization. They understood that and went back subject to that condition. Now an attempt is being made to bring back those who wish to return to Canada. They made their choice at that time and I think the government would make a mistake if it yielded to the request that this group now be allowed to return to this country. If they come back their immediate families would also want to be allowed to come back, and here again several thousand might very well be involved.

In addition, the association to which I have referred seems to be in favour of some sort of general immigration of Japanese to Canada. The request is not made by the Japanese government at all. I find no evidence whatever of the Japanese government asking for that right for any of these groups. I do not believe it has taken that stand, but there is this campaign being carried on by the association here in Canada. I think it would be unfortunate if that campaign were to succeed.

As hon. members know there were great difficulties during the war over this question. Many of the Japanese were relocated in eastern Canada, where they have done very well; and they deserve great credit for the way they met the difficulties at that time. In recent years quite a few have returned to British Columbia, but as a group they are now living in different parts of Canada taking, I think, a very fair part in the life of the nation. I would urge that nothing be done now to upset that situation.

As the Minister of Fisheries knows it was a very difficult question in British Columbia before the war, and personally I wish to go on record as warning the government about steps they take now to permit immigration of this type. I express the hope that they will not adopt a policy which will result in more friction in British Columbia over this question. There is no doubt that it could be a source of friction in the future as it has been in the past. There is no need for that. A fresh page is turned now, and we are welcoming Japan back into the brotherhood of nations.

I hope the minister of external affairs and the Minister of Citizenship and Immigration will see to it that policies are adopted which will not allow this issue to become once more a burning and difficult question in British Columbia.

Mr. Pearson: Mr. Chairman, as you have already pointed out this bill itself does not deal with the question raised by my hon. friend. I am aware, as the hon. member for Peel has pointed out, that when the resolution approving the Japanese peace treaty was before the house that approval was expedited on the understanding that the treaty would be given very careful consideration by the committee on external affairs. That was done.

I would have thought that perhaps the place for discussion of general questions might have been on the estimates of the Department of External Affairs or the Department of Citizenship and Immigration. However, since the hon. gentleman has raised the question, and it is an important one, I would like to set his mind at rest and assure him that there is no desire on the part of the government, in the light of the ratification of the Japanese peace treaty or of the consideration of this bill, to ease in any way the possibility of Japanese emigration to Canada; to make it any easier in the future for them to get here than it has been in the past—and it has not been very easy in the past.

In so far as Canadian citizens are concerned, of whatever race, colour or creed they may be as long as they are Canadian citizens, under our law if they present themselves at a Canadian port they are admitted. But even in the case of Canadian citizens, who may have been in Japan during recent years, no steps have been taken by the Canadian authorities to facilitate their transportation to Canada or their admission to this country. I can assure my hon. friend that the government is quite aware of the difficulties and indeed the dangers of this situation. I am sure I speak for my colleagues when I say there is no disposition on our part to create a situation in regard to Japanese immigration which would arouse any uneasiness in any part of Canada.

I do not think that at this time I need to go any further.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—*Penalties.*

Mr. Fleming: I should like to discuss a matter which I raised in the standing committee on external affairs which touches on the question of the propriety of parliament vesting in the governor in council power to prescribe penalties by way of either fine or imprisonment. The section before the committee provides in subsection 1 as follows:

> Subject to subsection two, the governor in council may prescribe a fine or a term of imprisonment or both a fine and a term of imprisonment as a penalty for violation of any order or regulation, and may also prescribe whether the penalty shall be imposed upon summary conviction or upon conviction under indictment or upon either summary conviction or conviction under indictment.

Then subsection 2 provides that the fine prescribed shall not exceed $100 for summary conviction and $1,000 for conviction

under indictment, and the term of imprisonment prescribed shall not exceed two months for summary conviction and two years for conviction under indictment. The nub of the matter is this, Mr. Chairman. In my submission, while previously the same power has been given to the governor in council to do certain things that become necessary in the light of these treaties, it is neither necessary nor desirable that the governor in council should be given the kind of powers that are proposed under section 4 of the bill, to enact what is in effect penal legislation and to prescribe penalties that directly relate to the liberty of the subject.

Precedents for legislation of this kind are frankly quite mixed, Mr. Chairman. If one looks at the previous statutes which have been passed by this parliament following the ratification of peace treaties, one finds that in all cases there is legislation similar to section 3 in the bill before us, and some precedents are in harmony with the scheme of legislation provided in section 4. For instance, in the Treaties of Peace Act, 1919, chapter 30 of the statutes of that year, it was provided that—

> Any order in council made under this act may provide for the imposition by summary process or otherwise of penalties in respect of breaches of the provisions thereof—

Then there is a provision that it should be laid before parliament as soon as may be after it is made. Similarly, in the Bulgarian Peace Treaty Act, 1920, chapter 4 of the statutes of that year, we have a provision identical to that which I read from the act of 1919. In the Hungary and Turkey Treaties of Peace Act, 1922, chapter 49 of the statutes of that year, we have a similar provision. Then after the conclusion of world war II, this parliament in 1948 passed the Treaties of Peace (Italy, Roumania, Hungary and Finland) Act, 1948, chapter 71, and the provision was changed somewhat. Section 4 of that act provided as follows:

> Subject to subsection two, the governor in council may prescribe a fine or term of imprisonment—

—and so on, being the language that we have in section 4 now before the committee.

Whatever may be said for these precedents, in my respectful submission there is a better course to follow, and that better course is the one followed recently by the parliament of the United Kingdom in passing a bill to deal with the same circumstances dealt with in the bill now before this house. It was a bill to provide for carrying into effect the treaty of peace with Japan and the protocol thereto. On examination it will be noticed that in this case the parliament of the United Kingdom did not vest in His Majesty in council the power to prescribe penalties for breach of these orders in council. It established the penalties in the statute itself, but did reserve leave to His Majesty in council to reduce the penalty. Parliament did fix the penalty in the statute. This is the language used by the parliament of the United Kingdom in that regard:

> Any order in council made under this section may provide that persons contravening or failing to comply with provisions of the order shall be guilty of offences against this section, and (except in so far as any such order may provide for less penalties), any person guilty of an offence against this section shall be liable on summary conviction to a fine not exceeding one hundred pounds or to imprisonment for a term not exceeding three months or to both such imprisonment and such fine, or on conviction on indictment to a fine not exceeding five hundred pounds or to imprisonment for a term not exceeding two years or to both such imprisonment and such fine.

In the light of that better precedent it seems to me that the course the house ought to follow here is not to enact provisions in the terms of section 4, but to provide a penalty in the act that will operate as a maximum in all cases, that is with respect to conviction upon summary hearing and also conviction under indictment. We shall then be preserving the sound principle that parliament ought to do legislating of this kind, and parliament ought not to vest in the governor in council power to pass penal laws of this kind which directly affect the rights and liberties of the subject.

In the committee I offered an amendment to section 4 of the bill, Mr. Chairman, which would have adopted the better precedent to which I have referred in the recent enactment of the United Kingdom. I would ask the minister if he would agree to the amendment of section 4 so that it might read as follows, and this is the language of the amendment that I introduced in the committee:

> Any order in council made under this act may provide that persons contravening or failing to comply with the provisions of the order shall be guilty of offences against this section and except in so far as any such order may provide for less penalties, any person guilty of an offence against this section shall be liable on summary conviction to a fine not exceeding $100 or a term of imprisonment not exceeding two months or both, and on conviction under indictment to a fine not exceeding $1,000 or a term of imprisonment not exceeding two years or both.

May I say, sir, that the amendment will not change the maximum which is named in the present bill, but let it not be thought that this is a simple matter of form. In my submission it is a matter of substance because it relates directly to the principle that in matters of this kind parliament can, as in the present case, do its own legislating and need not and should not hand over to the governor in council this power to establish penalties which include terms of imprisonment. It is not

necessary that that be done because parliament can do this by direct legislation here and now.

As to the penalties, if the maximum may be thought severe, that situation could be provided for as in the case of the United Kingdom legislation, by reserving the right to establish lesser penalties. The principle I am contending for is sound. It could be accomplished by the introduction of this amendment without doing any violence to the general purpose of the present bill.

Mr. Pearson: Mr. Chairman, I feel hardly qualified to follow my hon. and learned friend in a legal argument. I know that in his view it is more than a legal argument, but possibly he will allow me to make an observation as a layman. The section we are discussing, section 4, as he has pointed out is in exactly the same wording as a parallel section in an act implementing the treaties of peace with Italy and some of the satellite countries after world war II.

Mr. Fleming: Italy, Roumania, Hungary and Finland.

Mr. Pearson: That is right. Although the Canadian legislation after the second world war dealing with this point is not in exactly the same terms as similar legislation passed by the United Kingdom, as the hon. member has pointed out, I believe the difference between the section in the United Kingdom legislation and that in this bill is more one of form than of substance. I know my hon. friend does not agree with that contention. The United Kingdom parliament fixes the maximum penalty, but the following words appear in brackets in the United Kingdom act, and I quote "except in so far as any such order may provide for less penalties".

I submit that those words indicate clearly that the actual penalty imposed by the United Kingdom is determined by order in council and that the provision of section 4 in this statute does in fact embody the same principle. In other words, as I see it, the United Kingdom statute purported to fix the penalty but by including the words "not exceeding" preceding the amount of the fine or the term of the imprisonment, it also recognized that by order in council a lesser penalty could be imposed. The Canadian legislation which is now before us, as in 1948, delegates to the governor in council the power to fix the penalty but restricts the power by prescribing the maximum limit of the penalty in a separate subsection. Therefore, Mr. Speaker, as I see it, there is no difference in principle between us. For that reason we would prefer to adopt the same form of words in section 4 of this act as we have adopted in previous legislation in connection with such matters.

[Mr. Fleming.]

Mr. Fleming: I wish to make one brief observation. To many laymen this might seem like a hair-splitting matter; but it is not, Mr. Chairman. It is a question of principle. It may well be that in the result we shall find the penalties the same in both countries. That could easily result. But in the method that I am proposing—which I think to be sound, parliamentary and constitutional—the result would be achieved by a correct method and by parliamentary enactment. The way the government proposes to arrive at that result is by delegation on the part of parliament to the governor in council of powers so wide that, in my submission, the principle is unsound.

Mr. Pearson: Just before the section is passed, Mr. Chairman, I should point out that between section 4 of this bill and the British act there is one difference of substance, and that is that the fine or terms of imprisonment which could be imposed by order in council in this bill would be or might be less than that in the parallel bill in the United Kingdom, where the maximum is higher.

Section agreed to.

Section 5 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

BOUNDARY WATERS TREATY ACT

AMENDMENT TO INCREASE MAXIMUM SALARIES OF MEMBERS OF CANADIAN SECTION OF INTERNATIONAL JOINT COMMISSION, ETC.

Hon. L. B. Pearson (Secretary of State for External Affairs) moved the second reading of Bill No. 333, to amend the International Boundary Waters Treaty Act.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will take up the following bills, resolutions and notices of motions: Bill No. 334, to amend the Army Benevolent Fund Act, 1947. I understand this bill is going to the committee on veterans affairs after second reading.

Then we will take the notice of motion to approve the protocol to the North Atlantic treaty signed at Paris on May 27, 1952; then Bill No. 336, respecting marine and aviation war risks insurance and reinsurance agreements. That is the bill we could perhaps have passed tonight. Then we will take Bill No. 279, to amend the Industrial Development Bank Act; the resolutions in the name of the Minister of Finance, the first concerning the Canadian National Railways and the second respecting agreements with the governments of the provinces; Bill No. 309, to amend the Criminal Code (race meetings); then the notice of motion of the Minister of Transport to approve the agreement for the promotion of safety on the great lakes; and Bill No. 308, to revise the capital structure of the Canadian National Railway Company.

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

END OF VOLUME III

